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THE GUARDIAN

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NEWS IN BRIEF

Harbour oil wells go-ahead

FOUR test oil wells are to be sunk in Poole Harbour, Dorset, without the Department of Environment calling in BP's application for consideration. Back page.

Teachers review

THE National Union of Teachers is likely to lose its majority in a review of the Burnham committee teachers' panel. Page 2; Letters, page 14.

Bombs fear

SPAIN fears a bombing campaign by Basque terrorists on the Costa Blanca after the explosions on Wednesday night. Back page.

Finance turmoil

THERE was turmoil on Wall Street yesterday as fears spread about the stability of the American financial system. Page 17.

School lifeline

A COMPREHENSIVE school threatened with closure is planning to raise £2 million by selling off land. Page 4.

Inquiry snub

PRISON officers have refused to take part in an investigation into ill-treatment at a detention centre. Page 2.

GCHQ warning

A SECOND official who rejected a GCHQ union faces disciplinary measures from the Cheltenham management. Page 3.

£60m loss blame

DOCTORS blamed health authority administrators for an estimated loss to the NHS of £60 million in private fees. Page 2.

Football deadline

THE television companies have given the Football League a three-week deadline to agree a deal on televised matches. Page 28.



"If I want to keep my right to vote I'll have to join a peace camp."

The weather

SUN and showers. Details back page.

THE GUARDIAN IN EUROPE			
Austria	25 pps	Germany	100 pps
Belgium	25 pps	Italy	200 pps
Denmark	9.00 kr	Spain	1.000 pps
France	8.00 fr	Sweden	170 pps
Germany	3.50 dm	Switzerland	1.70 fr

The days to victory



IN THE build-up to the VE-Day celebrations, the Guardian will be recreating the atmosphere of the approaching peace by publishing war pages from the papers of May 5, 1945, which reported the surrender to Field-Marshal Montgomery of the German forces in Holland, Denmark, and North-West Germany.



Poll tax on residents follows relief for commerce

Cabinet plan to 'nationalise' business rates

By Ian Aitken, Political Editor



Norman Fowler — Madison Avenue style

THE Government is expected to 'nationalise' levying of commercial rates throughout the United Kingdom as a means of lifting some of the burden of the present local rating system from business enterprises.

The proposal is the first phase of a plan to reform radically the rating system, including a possible switch of the present domestic rate to a poll tax.

This emerged in Whitehall last night after the Cabinet had spent four hours discussing a separate plan for radical changes in the welfare state, including proposals to end housing benefit and force the unemployed and the poor to pay a share of their housing and rate costs.

However, the Cabinet did not discuss the proposed abolition of the state earnings related pensions scheme or to subordinate the row between Mr Norman Fowler, the Social Services Secretary, and Mr Nigel Lawson, the Chancellor.

The Prime Minister cut short the discussion in order to try to bring the economic summit and its move to the likely that the Cabinet will return to Mr Fowler's welfare state review until next Thursday.

The argument over earnings related pensions will be central to the debate, however. Mr Fowler entertained his colleagues in the Cabinet yesterday with a "presentation" in the best Madison Avenue style, in which he projected his own conclusions about the welfare state in a series of slides and charts.

as an affront to the principle of accountability.

It is therefore proposed that the Government shall set a nationwide level for commercial rates, the proceeds from which will be paid into a central fund controlled by Whitehall.

This will then be redistributed to local authorities by central government on the same basis as councils receive Treasury grants towards their expenditure.

This formula is calculated on the basis of local need, a formula described as grant related expenditure.

The amount received by individual councils would not be linked to the amount of their proposed expenditure, but will be calculated on the basis of an abstract of the expenditure necessary to cover basic necessities.

If this is the first phase in the Government's latest bid to control local authority spending, it is a far cry from the "broad outline" of the second.

This is proposed to be a form of poll tax, intended to take over from the domestic rate and replace it with a direct link between being registered to vote and spending by way of a tax on individual residents not householders.

The proposal has caused a bitter row within the Government and has led Mr Leon Brittan, the Home Secretary, to describe it as "uncharacteristically hostile" to the proposal.

He has argued that such a poll tax would look very like a tax on the right to vote, and he has flatly refused to allow a direct link between being registered to vote and spending by way of a tax on individual residents not householders.

Mr Brittan declared his opposition to the proposal, but he had to back page, col. 4.

Reagan wins backing on trade

From Christopher Huhne and Derek Browne in Bonn

PRESIDENT Reagan succeeded last night in recruiting the bulk of America's most powerful allies in his campaign to launch a new round of world talks on trade liberalisation next year.

The main obstacle to agreement in the summit of the leaders of the world's seven most important industrial countries appeared to be President Mitterrand. He was holding out last night for a parallel progress on world monetary reform.

Talks between Mr Reagan and Mr Mitterrand were described on the French side as cool but firm.

Nevertheless, senior French officials last night seemed to be prepared for a diplomatically phrased retreat, rather than risk being isolated in the summit. A spokesman stressed that

Agenda, page 11

France was in favour of new trade negotiations, but the summit was not a meeting of experts which could commit itself sensibly to specific procedures or dates. Its purpose was rather to sketch "broad outlines".

There would be no real solutions in the commercial field without solutions to monetary problems. The French want to declare limits on currency movements, and the American progress was said to be that dominant issue.

British US officials said that Britain, West Germany, Canada and Japan had all signalled willingness to take part in a new round of the general agreement on tariffs and trade early next year.

The American progress was the more impressive in having been achieved even before the formal opening of the summit today. Yesterday's activity as the seven leaders flew in to a heavily policed Bonn consisted of a flurry of ceremonies and bilateral meetings.

Heads of state and government. Turn to back page, col. 4.

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April jobless figure worst for two years

By David Simpson, Business Correspondent

The Government disclosed yesterday that more people joined the jobless roll in April than in any other single month for two years. This announcement came just two days after an optimistic Confederation of British Industry survey claimed that employment prospects were improving.

The unemployment level rose to a new peak of 13.1 per cent last month, with an extra 29,200 people out of work, pushing the seasonally adjusted jobless total up to 3,177,300.

Department of Employment officials put some of the blame for the April rise on the reluctance of employers to hire more workers ahead of the Easter holiday, but that this reason could not cover the entire increase. The underlying trend remains unchanged with an average 14,000 still joining the unemployment list each month, a spokesman said.

The large jump in the jobless total in the month which completed the Tories' sixth year in office provoked a stream of criticisms of the Government's economic record from Opposition parties, and seems bound to fuel the grow-

ing unease on the Conservative's own back benches over Mrs Thatcher's employment strategies.

Mr Peter Walker, the Energy Secretary, last night said that the attack on unemployment could be more vigorously pursued and that manufacturing industry had a part to play in economic growth.

Labour's employment spokesman, Mr John Prescott, yesterday commented that the Prime Minister's "resolute" determination to "throw people out of work" despite having achieved the highest

Walker calls for economic change, back page; Agenda, page 11

level of unemployment this century over her six years in office, she has done off to the Bonn summit to convince other leaders of the need for more dedication and more unemployment.

The Liberal leader, Mr David Steel, condemned the Government's failure to tackle unemployment. He added: "The country is fed up hearing from the Conservatives that recovery is about to arrive. The figures yet again show that it is not."

Defending the figures, the

Employment Secretary, Mr Tom King, claimed that the April leap in the unemployment level appeared to be an erratic movement and should not be read as indicating any change in the underlying pattern.

"These figures are in contrast with the encouraging increase in the number of new jobs, the report only this week by the CBI of improved prospects for employment, and indeed with the recent trend of unemployment figures," he added.

The real unemployment level in April rose by almost 5,000 to 3,273,000, with a fall of 4,816 in the number of unemployed school leavers outweighed by a 9,289 increase in the number of adult unemployed. On a seasonal basis, the number of adult unemployed had been expected to fall by 20,000. There was a substantial fall in April in the number of previously registered unemployed who found jobs.

Excluding school leavers, only 328,000 people found jobs during the month, compared with 374,000 in March, and 354,000 in April last year — indicating that there is still little if any evidence of new job creation on a material scale.

Cuban advisers leave Nicaragua

From Derek Browne in Managua

The last contingent of Cuban military advisers left Nicaragua yesterday amidst reports that the Contra rebels, with further secret funding, are moving back into the country for a further onslaught on the Sandinista Government.

President Reagan said yesterday that the US trade boycott would go ahead whatever the outcome of the summit of other countries or the World Court.

The President, replying to Nicaraguan threats to take the US to the World Court, brusquely dismissed any chance of a successful recourse.

"It won't make much difference whatever they do. We're going to have the sanctions," he said. He added that the US did not recognise the court's jurisdiction.

Belgrade, the Nicaraguan President, Mr Daniel Ortega, warned other central American countries not to follow the US.

Leader comment, page 14

example in mounting a blockade, since this could lead to a "military explosion" in the region.

At a hastily called press conference Mr Ortega suggested that the trade sanctions would be accompanied by American military action, describing the embargo as "further evidence of the aggressive and interventionist US policy towards Nicaragua."

Brushing aside Washington's charges that his country had introduced subversion and terrorism into the region he said: "On the contrary, there is no doubt that the US is subverting international order and exporting terrorism."

At a ceremony in Nicaragua the leader of the uniformed Cuban contingent leaving the country read out a farewell message in which he and his men offered to return to fight.

Turn to back page, col. 2

Diplomat back home



THE expelled Foreign Office diplomat, Miss Carol Robova (above), returned home from Moscow yesterday saying that the Soviet action had no justification. The two other expelled diplomats accused of spying Naval Attache Captain John Marshall and Lt Cdr Martin Littleboy, are returning via Finland.

Miners' rift causes NCCL leader to resign

By David Ross

Mr Larry Gostin, the exiled general secretary of the National Council for Civil Liberties, resigned last night amid accusations that he had tried to "bounce" the organisation into becoming part of the establishment.

The resignation, given in a letter to the NCCL's chairman, Mr Bill Birdes, comes after weeks of bitter argument about whether the right to strike can be equated with the right not to strike.

This was the proposition which Mr Gostin and an NCCL panel of inquiry — which earlier this week dissociated itself from the NCCL — set out in a report into the miners' strike, a proposition which was condemned by the NCCL executive committee in February. Liberties which are unpopular

and by its annual general meeting on Sunday.

Ms Sarah Spencer, director of the Golden Trust, a charity associated with NCCL, is to replace Mr Gostin as general secretary. She has edited the council's journal, Civil Liberties, since 1979.

In his letter, Mr Gostin says that he intends to remain a member of the NCCL, and that the organisation "remains in the vanguard of the defence of civil liberties." In an interview with the Guardian published today, he adds that he has no intention — contrary to some reports — of starting an "alternative" civil liberties organisation.

However, Mr Gostin's letter goes on to say: "The NCCL has not shown a willingness to grasp the nettle in defending civil liberties which are unpopular and by its annual general meeting on Sunday."

Mr Gostin also writes that he wishes to refute suggestions that trade unions had no place in the NCCL. They are the "principal victims of the authoritarian policies of the Government" and the NCCL must defend their freedoms.

Mr Gostin's letter was delivered in advance of a meeting of the executive last night. It appeared that his departure had not lessened the bitterness associated with his brief stay in the job — slightly more than a year — and NCCL members were saying that he had been "deliberately provocative" in including the reference to working miners in the report, which occurred in a single sentence without further elaboration.

Mr Gostin's resignation, an executive member, accused Mr Gostin of timing his resignation to cause maximum embarrassment.

Liberty men takes his leave, page 15

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Brittan pushes drug law to seize assets

By Alan Travis

Legislation allowing police to confiscate the assets of drug traffickers will be produced in the lifetime of this Parliament, the Home Secretary Mr Leon Brittan said yesterday.

He also failed to rule out a demand that the law be changed to allow police to act before suspects were convicted. In the past, Home Office ministers have warned of the dangers of making inroads into the cherished legal principle that the burden of proof must lie with the prosecution.

The Conservative MP for Derby North, Mr Greg Knight received an acknowledgment from Mr Brittan when he called for urgent measures to prove they obtained their assets by legitimate means to avoid forfeiture, he said.

The Home Secretary pledged that the law would be changed in the lifetime of this Parliament and said there was the case for acting on Mr Knight's demand. "Existing powers are inadequate," he agreed, "but I would not want the courts to feel that they should not be used as far as they go."

The Association of Chief Police Officers demanded powers to confiscate before conviction at their conference on Wednesday. Under their plan, the accused dealer's family would be allowed funds to live on until the jury's verdict. If the prosecution failed, all funds and property would be returned.

A white paper on public order reviewing police powers on demonstrations is to be published before the end of this month, Mr Brittan told the Commons yesterday.

The review will not cover the issues raised by the policing of the miners' strike as was first expected. Members of the Association of Chief Police Officers are still working on a report on the operational lessons of the year-long dispute and the Home Office has decided against delaying the white paper for its completion.

THE unidentified virus yesterday claimed its 24th Staffordshire victim in two weeks when a woman aged 63 died from pneumonia at Stafford district hospital, writes Andrew Welch.

Two Stafford men—one aged 35, the other 72—and a woman aged 72 from Hednesford Cannock were admitted to the hospital yesterday. Scientists trying to identify the virus—thought to be influenza B—are due to report to Stafford's infection control committee today.

Menzhin British

THE violinist Yehudi Menuhin has become a British citizen, it was disclosed yesterday. He became naturalised in February, but it was decided that no announcement should be made until he had attended a reception in his honour on Wednesday, hosted by Lord Gower, the arts minister.

Bomb defused

ARMY experts last night defused a 500lb bomb packed into creamery cans and left in the centre of Newton-Butler, County Fermanagh, near the border with the Irish Republic. About 200 locals were moved overnight from their homes.

Service sentences

TWO leading Welsh language campaigners were yesterday ordered to undertake community service after being found guilty of causing criminal damage to government offices in North Wales. They were Ms Angladed Tomos, aged 26, a former chairwoman of the Welsh Language Society, and Ms Gwenllïw Huws, 21, a student.

Band cancels visit

A visit to the Irish Republic later this year by the New York Irish Emerald Police Society Band had been called off after complaints that it would be used for political purposes by the IRA.

Master move

MAGNUS Magnusson, the chairman of the television knowledge test, Mastermind, is to join the BBC Birmingham Pebble Mill at One live programme as a presenter when the series resumes in September. He will continue as chairman of Mastermind.

Moving up

THE next commissioner of the City of London will be Peter Owen Kelly, 53, the assistant to the present commissioner Peter Marshall who retires on June 30.

Weaker unions see Joseph's plan as way to get more conciliatory voice in negotiations

Burnham review will end NUT dominance

By John Fairhall,

Education Editor

Sir Keith Joseph, the Education Secretary, is to change the composition of the teachers' panel of the Burnham negotiating committee, effectively ending its domination by the National Union of Teachers.

The National Association of Schoolmasters/Union of Women Teachers, the National Association of Head Teachers, and the Professional Association of Teachers have been campaigning for years to break the NUT's majority. They resent the ability of the NUT to outvote all the others and then speak nominally for all teachers.

The NAS/UNT said yesterday that if the NUT did not

have its Burnham majority, the talks on restructuring teachers' pay would have been kept alive and conciliation more possible. The talks broke down when the NUT refused to continue.

The PAT general secretary, Mr Peter Dawson, insisted that a way would have been found out of the present strike-bound pay impasse, "many, many weeks ago if it had not been for the determination of the NUT to have a war. The present dispute is not about pay, but about NUT power. They have to demonstrate their ability to disrupt."

The NUT called the move unnecessary and vindictive. Seats on the Burnham teachers' panel are based largely on the strength of the unions at

the last review in December 1979, which gave the NUT 16 representatives, the NAS/UNT 7, the NAHT 2, the Assistant Masters and Mistresses' Association 4, PAT and the National Association of Teachers in Further and Higher Education one each.

Sir Keith's review will use the figures for December 31, 1984 of fully paid up members in local authority schools in England and Wales, leaving out members in Scotland or Northern Ireland, and also excluding unemployed, student, retired, associate members, and those working in independent schools.

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NUT's claimed figure of 21,000-strong NAHT, Mr David Hart, said the NUT no longer represented a majority of the profession.

The heads' attempt, during this year's pay round, to table their own salary claim was blocked by the NUT. Last night Mr Hart said: "We would be looking to Sir Keith to recognise in some way the unique position of heads, not only as employees, but as the people who have to run the schools."

The NUT's deputy general secretary, Mr Doug McAvoy, said the union had nothing to hide. "We will now seek to prove that the representation afforded the union remains 'the true way to teacher unity'."

The Government's clear objective was to divert attention

from the main issue of teachers' salaries, which was the NUT's own salary claim.

Mr Dawson said: "It is an absolute certainty that the NUT majority will go." Nigel de Gruchy of the NAS/UNT said that when membership was tallied, the NUT would be outnumbered by the other unions, and with the Burnham representation adjusted proportionately the NUT majority would go.

"If numbers count, it's high time to count numbers," he said. If the NUT did not have the right of veto, all the teacher organisations would be forced to adopt a consensus "That is the true way to teacher unity."

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Prison officers refuse to help assault inquiry

By Allen Ballantyne

The Prison Officers' Association has refused to take part in an internal investigation into allegations that youths have been slapped in the face and punched in the stomach by prison officers at Aldington short sharp shock detention centre.

Last Friday the Guardian reported that probation officers in touch with the boys had expressed deep concern over frequent independent statements from inmates alleging ill-treatment by staff.

Mr David Evans, general secretary of the POA, said yesterday that if the NUT did not

have its Burnham majority, the talks on restructuring teachers' pay would have been kept alive and conciliation more possible. The talks broke down when the NUT refused to continue.

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Million dollars to explore Victorian library

By Donald Wintersgill, Arts Sales Correspondent

THE LIBRARY of Sir Richard Burton, the Victorian explorer, author, linguist, scholar and translator of the Arabian Nights, is up for sale at \$1 million.

In spite of all his exploits, Burton is still somewhat of a mystery figure.

The library of about 2,500 books and pamphlets reflects his astonishing range of interests. Many of the margins and fly-leaves bear his notes and comments.

These are especially valuable because his widow Isabel destroyed his private diaries and other manuscripts after his death. She thought that some of his literary work was pornographic and forbade anything to be published without the consent of the National Vigilance Society.

Of his Arabian Nights, a biographer wrote: "It would be absurd to ignore the fact that the attraction lies not so much in the translation as in the notes and the terminal essay, where certain subjects of curiosity are discussed with naked freedom."

Burton was but following the example of many classical scholars of high repute, and indulging a taste which is more widespread than modern prudery will allow.

Burton served in the Indian Army and the British consular service. He travelled in the Middle East, India, North and South America, Iceland, and West Africa. His most famous exploits were to reach Mecca in disguise and to seek the sources of the Nile.

He was also a master swordsman, interested in falconry, a fine translator and brilliant at disguise.

Lady Burton's sister wanted the books destroyed but they were saved and eventually given to Kensington borough council, which stored them in a cellar.

During the second world war the cellar was flooded and the books damaged. They were again rescued, this time by the librarian of the Royal Anthropological Institute.

The Institute has laid down conditions for the sale which is by private bargain not auction, and will be handled by Sotheby's. The buyer must keep the library together and allow scholars access.

Mr Jonathan Benthall, director of the Institute, said yesterday: "We could make a higher price if we let the library be sold piecemeal at auction. We do not want that."

"The Institute is not in financial difficulty, but our premises are on a short lease and we could be out at short notice. Some of the money from the sale will be used to buy premises and the rest will be used for other projects."

"This is not an anthropological library but the working library of someone who was an important anthropologist. It is really about nineteenth-century culture and nineteenth-century exploration."

The British Library has said it is not in the market for the books.



Sir Richard Burton — a mystery figure



Children try out gas masks at an event in London to learn what life was like in wartime Britain. The VE Day anniversary celebration yesterday was organised by the Inner London Education Authority for more than 150 youngsters from the capital's schools. Picture by Graham Turner

£100,007 libel awards for slimming doctor

Dr Sidney Gee yesterday became the first person to receive more than £100,000 libel damages in an English court.

The Harley Street slimming expert, who was paid £75,000 last week by the BBC, celebrated his 64th birthday by accepting a further £25,007 from two doctors in final settlement of his action over an item about one of his patients in Esther Rantzen's *That's Life* programme.

The total award of £100,007 exceeded by just £7 that received by a footballer, Billy Bremner, in a libel action against the *Sunday People* in 1982.

Dr Gee said he was relieved the case was over. He would donate some of the damages to medical charities.

The trial lasted nearly seven months, and became the most expensive libel suit in English legal history, with the BBC

agreeing to pay costs estimated at £12 million.

Dr Gee sued over a June 1983 edition of *That's Life* in which it was alleged that his treatment of slimming patients had endangered their lives.

Yesterday saw the end of his case against Dr Clemency Mitchell, a GP of Binsfield, Berkshire, and a heart specialist, Dr Roger Blackwood, of King George VII Hospital, Windsor.

Mr Michael Beloff QC told the judge that the programme mounted an attack on Dr Gee's methods.

Mr Beloff told the judge, Lord Justice Croom-Johnson, that Dr Mitchell would pay Dr Gee £10,000, and Dr Blackwood would pay £15,000.

Because of the BBC's agreement over costs, the doctors' total costs should not exceed £100,000, informed sources said.

Hattersley commits Labour to repeal ban

Second GCHQ man given ultimatum over union

By Richard Norton-Taylor and Paul Hoggland

A second GCHQ official who rejoined his union in defiance of the Government ban has been warned by management that he will face disciplinary proceedings unless he hands in his union card.

The warning — delivered yesterday to Mr David Puddle, who works at the intelligence-gathering centre in Cheltenham — came as Mr Roy Hattersley, Labour's deputy leader, promised that a Labour government would restore the rights of GCHQ workers to join a trade union of their choice.

The issue of workers' rights at GCHQ was also taken up yesterday by the TUC general secretary, Mr Norman Willis. In a speech at the Wales TUC conference at Tenby, Dyfed, he called for massive resistance from the trade union movement if staff were dismissed.

Mr Hattersley made his pledge at the conference of the Civil Service Union in Blackpool. "In a democratic society membership of a free trade union is — or ought to be — an inalienable right. That right cannot be limited to the groups and classes which the Government decides is appropriate to enjoy such freedom," he said.

The Government's ban on unions at GCHQ called into question the strength of its commitment to the free and democratic society which people had always believed Britain to be. Management's threat to institute disciplinary proceedings against an employee who refused to give up his membership would have

seemed, 10 years ago, to have been written in Eastern Europe or Central America, he said.

The patriotism of GCHQ officials could "with profit to the whole nation, be copied by the ladies and gentlemen in the City of London who speculate against sterling, prefer to invest abroad in our competitors' economies rather than in jobs in Britain and international confidence in any democratically elected government which does not endorse their political prejudices," Mr Hattersley said.

Mr Willis said at Tenby that he had a deep personal commitment to all the trade unionists at GCHQ. He saw them frequently and regarded it as an important part of his job to keep up their morale. He warned the Welsh TUC that the prospect of dismissals came much closer this week when the GCHQ management told nine staff who had

rejoined unions to renounce their membership within five days or face disciplinary action.

"If one or more of them gets sacked for their belief in trade unionism, I expect — in fact I demand — a massive response from the trade union movement in their support for just as long as it takes to get justice," he said.

It became known yesterday that one of its most highly qualified mathematicians and linguists at GCHQ has accepted generous terms for early retirement from the management.

Mr Alexander Hamilton, aged 53, a member of the First Division Association and one of the most senior officials, refused to accept the Government's ban.

The Government's decision was described by staff as a clear indication that it was "putting operational considerations to one side."

Nalco's strike threat

By Patrick Wintour, Labour Staff

More than 400 staff in the National and Local Government Officers' Association

threaten to strike from next Tuesday over the sacking of a press assistant alleged to have leaked internal union documents to Mr Derek Hatton, the deputy leader of Liverpool City Council.

Local officials of the white collar section of the Transport and General Workers' Union

voted yesterday to back members of the National Union of Journalists in their decision to strike next week.

An internal Nalco inquiry found on Wednesday that there was overwhelming circumstantial evidence that a press assistant Mr Jim Roberts had leaked the documents concerning possible industrial action at Nalco Liverpool

branch, to Mr Hatton.

Far left tries to forge alliance

By John Carvel, Local Government Correspondent

An attempt to form a new alliance on the far left of the Labour Party is being launched by the editorial board of London Labour Briefing. It aims to mount a challenge Mr Neil Kinnock's leadership "as soon as possible" and to found a new left journal to promote a series of policy initiatives.

A letter has been sent by Mr Graham Bash of the briefing board to all the main Labour left groups asking them to attend a meeting at the Greater London Council on May 18. Recipients include the Campaign group of Labour MPs, the Campaign for Labour Party Democracy, Militant, Socialist Organisation and Socialist Action.

The letter speaks of the need for the socialist left to regroup to fight the right. Mr Bash says: "It would be wrong for one group of campaigns to pretend that it alone can be the sole vehicle for such unity. We are therefore calling on all socialist groups and currents within the left wing of the party to meet to discuss how to work together over the coming period."

London Labour Briefing was the monthly magazine around which Mr Ken Livingstone's campaign for the GLC leadership was based in 1981, but it has since become estranged from him.

Mr Bash makes a series of proposals for discussion at the May 18 meeting. They include preparation for "a serious challenge to the party leader and/or deputy leader as soon as possible" and "joint discussions to be started on the possibility of a new paper/journal of the left."

He also proposes joint campaigning within the party, using model resolutions at regional and national conferences, around a few key policy themes, such as support for the Benn/Hoffer withdrawal from NATO document, the Benn/Roberts Bill on withdrawal from Ireland, nationalisation of the banks and opposition to incomes policy.

Only three of the 33 hotels examined were rated good. The others ranged from fair to very poor.

The Consumers' Association is sending a full technical dossier on its findings to the national tourist offices of the countries covered by the survey, to the Government, and to the European Commission of the Council of Ministers.

Before it is proposed new code of minimum standards for hotels to be adopted.

Fire risks at ski hotels 'endanger school parties'

By Rosemary Collins

Fire risks in the European hotels used by leading operators of school skiing holidays are unacceptably high, according to the Consumers' Association.

A detailed survey of 33 hotels carried out for *Which?* magazine in Austria, France, Italy, and Switzerland showed safety standards worse "by a considerable margin" than those in earlier surveys of less specialist hotels.

"It must be the result either of profound ignorance of fire hazards or a cynical disregard for the lives of hotel guests," the Consumers' Association comments.

The survey found over-long corridors leading off dead-end stairways, little or no compartmentation against the spread of smoke, and inadequate fire-fighting equipment. Twenty of the hotels had inadequate extinguishers, 27 had inadequate emergency lighting and signs, and 24 had no fire alarm.

It is especially worrying

that we should have found such low standards in hotels used largely, though not exclusively, by school parties," *Which?* says.

"School parties present special risks because it is common to find four to six children sleeping in one room, and also the uninhibited behaviour of children on group trips can be expected to lead to accidents."

Children cannot be expected to display the initiative and self-discipline you might expect of an adult when fire occurs.

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Biffen to drop plans to curb watchdog MPs

By our Political Staff
THE Leader of the House, Mr John Biffen, will bow to opposition from the chairman of the Commons select committees to his proposals that they should restrict their demands to see documents from the nationalised industries.

Mr Biffen has met with a united opposition to a letter which he sent out to a Terence Higgins, the Tory MP for Worthing, and chairman of the Chairmen's Liaison Committee, suggesting that select committees should not use their powers to demand sensitive documents from the public corporations.

This followed a parliamentary row over the refusal of the Trade and Industry Secretary, Mr Norman Tebbit, to allow British Shipbuilders to submit confidential documents on their operations to a select committee. He did not succeed, but Mr Biffen felt he had raised an important constitutional point.

Mr Biffen insists he was merely sending out feelers and was not looking for a confrontation with the select committees over their wide-ranging powers to summon for people and papers to be produced before them.

But Mr Biffen's letter was seen by the chairman as a government attempt to limit their constitutional power. However, it is now understood that Mr Biffen will not be pressing the matter.

Former Leader of the House Mr Norman St John-Stevas, who established the present select committees system, said yesterday that it would radically change the relationship between the select committees and the nationalised industries if MPs were denied the right of access to their papers.

He said in an interview on the BBC radio Today programme: "The present position is that the members of



Mr St John-Stevas: 'Radical change'

the nationalised industries are not servants of the Crown. They cannot shelter behind the minister and they are subject to the full power and rigour of the committee and this will be changed."

This would make the work of the Energies Committee, and Trade and Industry Committee and the Transport Committee very difficult indeed, he added.

It is also understood that Mr Biffen and the committee chairman agree on the need to stop any question of the committees accepting private money for their inquiries.

This follows the letter to Sir Hugh Ross, the Tory chairman of the Environment Committee, from a private lobby company, Political Research and Communication International Limited, offering £5,500 towards the committee's travel expenses to Sweden to see systems involving large quantities of lead in the dumping and storage of high level radioactive waste. The company was acting on behalf of the Lead Development Association and the letter was strongly criticised.

Militant Tendency African link blamed

MILITANT Tendency supporters were blamed yesterday by the Labour Party's general secretary, Mr Jim Mortimer, for involvement in southern Africa following complaints by the Prime Minister of Zimbabwe, Mr Robert Mugabe.

Replying to Mr Mugabe's expression of concern about infiltration by Labour Party members into Zimbabwe, Mr Mortimer said in a statement that the Prime Minister was "under a misapprehension". The two individuals named by Mr Mugabe were supporters of militant tendency in Britain—a grouping which receives no backing or support from the national executive of the Labour Party, he said.

The NEC, added Mr Mortimer, had received a report on a militant-linked organisation working in Southern Africa which concluded that any backing for it by the Labour Party would be detrimental to Britain's relations in southern Africa. The NEC was advising its affiliated organisations to have no contact with the group.

Powell set for big fight

By Colin Brown
Mr Enoch Powell, the Ulster Unionist MP for South Down, will have to fight again even if his private member's bill to ban research on embryos is blocked today by its opponents in the Commons.

Mr Powell is preparing to recruit as many supporters as possible to move the closure motion to force the bill through today. This will require at least 100 MPs voting in favour of the ending of debate on the measure.

This procedure has its pitfalls and if he fails to force the bill through in time, he can still elect to put the bill before the Commons for its

report stage on May 10, 17 and July 5.

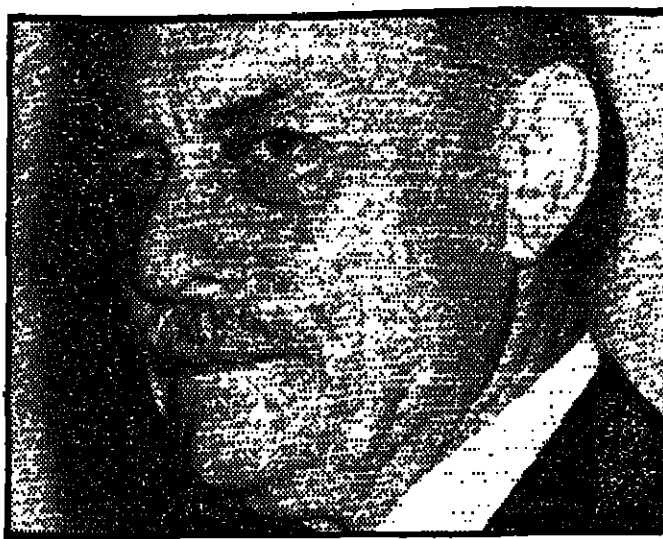
Mr Powell's problem today will be that the Tory sponsor of the bill to be heard first—the Road Traffic Production of Documents Bill—has refused to give way, thus allowing opponents to filibuster and delay the scrutiny of Mr Powell's bill.

On May 10, Miss Janet Fookes (C. Plymouth Drake), is seeking Commons approval for the report stage of her bill to outlaw herb crawling. Although she is a strong supporter of Mr Powell's bill, opponents could again filibuster.

The same could apply on May 17, when the Local Government Access to Informa-

tion Bill has precedence over Mr Powell. Again, the opponents have tabled a blocking motion against Mr Powell's bill. But Friday, July 5 is free.

However, it will soon be full up with Lords' amendments to private bills and if Mr Powell's bill does not get through today, it is unlikely to reach the Statute Book. Even so, Mr Powell and his supporters are insisting that they will bring forward their proposals again when the Government produces its full-scale legislation, probably in the next session on the Warnock Committee recommendations. Then, given more time, they could well succeed.



Mr Powell—hopes to force bill through today

Queues used to block immigration, claims Labour

IMMIGRATION

First-time applicants who emigrate from the Indian sub-continent to the United Kingdom are to be given priority over those who have been previously refused and their appeals turned down.

He was replying to criticism from Labour MPs who had claimed that the Home Office was using the lengthening queues in the Indian sub-continent to stop people claiming their legal right to settle in Britain.

The rate at which the Home Office processes applications for entry from immigrants from the Indian sub-continent

have dropped considerably, Mr Tom Tawney (Lab. Bradford S.) told the Commons.

He claimed that the productivity rate of entry clearance officers had fallen by 36 per cent.

"What is the minister going to do about it? Is it due to the complexity of rules laid down by this Government?" he asked. Other Labour members claimed that there was now a 22-month waiting list for a first interview at Dhaka for wives and children who wanted to apply to join bus-

bands already settled in the United Kingdom.

Mr Max Madden (Lab. Bradford W.) said that confidential papers leaked to the Guardian had shown that the Home Office was using lengthening waiting times to stop people entering the country who clearly had the right to do so.

Mr Waddington, however, denied that the briefing paper leaked to the Guardian had suggested such a conclusion and flatly denied that queues were used to limit immigration. He said that extra clearance

officers had been appointed to serve in Dhaka and first-time applicants were to be given priority over those who had been turned down before and yet applied again and again.

He said that the waiting time in Islamabad had been 19 months in 1979 and was now 104 months, while the waiting time in Dhaka was 25 months in 1979, and was 23 months now.

BLASPHEMY

'Fifth Gospel' under fire

THE Attorney-General, Sir Michael Havers, said yesterday that he would consider prosecuting for blasphemy a book describing sexual encounters between Jesus Christ and Mary Magdalene.

He was responding to a call for prosecution for blasphemy by the Tory MP, Sir Peter Mills, chairman of the Westminster Christian Fellowship, who is campaigning to stop next week's paperback publication of The Wild Girl.

The book, by Michele Roberts, is written as a fifth Gospel from Mary Magdalene's viewpoint.

Sir Peter (Torridge and West Devon) said: "It is a disgraceful book. It vilifies the Christian religion by describing sexual encounters between Our Lord Jesus Christ and Mary Magdalene. I believe it is blasphemous. We are really scraping the barrel when we have this sort of thing. I think it was time it was stopped."

Sir Peter, who said he had only read reviews of the book and not the book itself, added: "As chairman of the Christian Fellowship I shall be pursuing this matter with my colleagues across the parties here."

A spokesman for the book's publisher's Methuen, said: "We don't believe the book is blasphemous. We shall carry on with publication unless Sir Michael comes back to us."

In a Commons written answer to Sir Peter, Sir Michael said the MP's call for Methuen to be prosecuted for blasphemy for The Wild Girl, was "the first occasion on which the publication has been drawn to my attention. I will consider the matter and write to you."

GLC BILL

PR bid for ILEA poll

AN all-party group will be behind an attempt in the Lords next week to ensure that the Inner London Education Authority is elected by a propor-



Mr Christopher Chataway

tional representation under the provisions of the Local Government Bill abolishing the Greater London Council and the metropolitan county councils.

The Fair Vote Campaign, which is leading demands for PR in UK elections, has secured the support of former Tory Minister Christopher Chataway, Labour MP Mr Austin Mitchell, Tory MP Mr Richard Ryder, and SDP supporter Anne Sofer, for the amendment to the bill tabled by an all-party group of peers.

ANIMAL RIGHTS

Whitehall 'Arrogant'

A LEADING animal rights campaigner has accused the Home Office of "high-handed arrogance" and a "closed minds behind closed doors" attitude in its dealings with the animal welfare lobby.

The criticism follows a letter from the Home Office to Mobilisation for Laboratory Animals—an alliance of four of the country's largest anti-vivisection societies—stating that, due to a lack of "staff resources," it is unable to reply to their correspondence on proposed legislation on live animal research.

Mr John Robins, organising secretary of the Scottish Anti-Vivisection Society and a member of the mobilisation group, said it was "intolerable" that a major government department was prepared to "blatantly ignore" submissions on such a sensitive issue from an organisation representing a substantial body of public opinion.

"By producing new legislative proposals and refusing to discuss them, the Home Office has adopted the closed doors policy of the researchers they seek to protect," said Mr Robins.

SOUTH AFRICA

Tutu accused

The black Anglican Bishop of Johannesburg, Bishop Tutu, was yesterday blamed for the violence against black people in his country by the Tory backbench MP, Mr Nicholas Winterton.

Mr Winterton, the MP for Macclesfield, attacked Bishop Tutu at the meeting of the Welsh, Irish, Scots, English Group at the Institute of Directors, in London, for refusing to speak out against the use of violence as a means of achieving social and political reform.

The Bishop had "blatantly supported those who turn such violence against both authorities and civilians alike," said Mr Winterton.

He added: "It was absolute hypocrisy that such a man of violence should be awarded the Nobel Peace Prize. For the sight on our television screens and pictures in the press of burned, mutilated corpses of innocent black people, women and children included, we have Bishop Tutu to thank."

Within the black population within South Africa, said Mr Winterton, was "a tiny minority of extremists—individuals who want no reform but only revolution."

We used to say the sky's the limit.

It was announced last week that Britain's first astronaut will be Squadron Leader Nigel Wood, aged 35, a test pilot in the Royal Air Force.

Squadron Leader Wood has been working with the US Air Force in California for the past three years and has observed six Shuttle landings. He will spend a week aboard the Shuttle in June 1986, with special responsibility for the launch of the £10 million British Skynet-4 military communications satellite, which is designed to provide more advanced communications between Britain's armed forces.

Announcing the choice, the Ministry of Defence said: "It was a difficult decision to make for all were quite outstanding candidates." Squadron Leader Wood said: "I'm just a normal chap who is very, very lucky to be getting the first ride. The British Skynet-4 satellite is at the very front of space technology."

RAF Engineer Officers, both men and women, will control from the ground Skynet-4 and its successors. And, in future years, more RAF Officers are expected to follow Squadron Leader Wood into space.

But the role of all the RAF's Officers in space, in the air and on the ground will remain the same: to work in conjunction with NATO forces for the defence of war.

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The qualifications needed vary and range from a minimum of 5 'O' Levels up to a university degree. (University Sponsorships worth £16,220* are also available.)

For more information, call in at any RAF Careers Information Office or write to Group Captain Paul Terrett, OBE, (OT) Officer Careers (07/03/05), London Road, Stanmore, Middlesex HA7 4PZ, giving your date of birth and qualifications. (Formal application must be made in the UK.)



RAF Officer

Institute makes gloomy forecast for arms talks

Survey condemns Star Wars as a 'dangerous risk'

By Hella Pick

The US Strategic Defence Initiative, the so-called Star Wars programme, is a dangerous risk to international stability, according to the International Institute of Strategic Studies.

The institute, in its annual survey, published yesterday, has thrown its weight behind the critics of SDI. It explains why the US attempt to put greater reliance on defensive weapons carries the risk of dangerously upsetting the precarious strategic balance between the superpowers, and may disrupt NATO's defence posture after a year in which Washington and Moscow must share the blame for failing to reduce international tensions, or to achieve progress in arms control negotiations.

The survey describes Star Wars as "the security policy centerpiece of the second Reagan Administration", and concludes that this search for defensive space-based weapons promises to be the most controversial issue of the coming year, and for a long time afterwards.

While research is not far enough advanced to form any conclusions about the technological potential, the survey argues that "even if strategic defences were to prove feasible, they could damage stability rather than strengthen it".

One of the survey's few arguments in support of the programme is that it has opened an exhaustive examination of the assumptions behind existing strategic policies.

The director of the Institute, Dr Robert O'Neill, and his staff of experts, have excellent contacts in the Communist world and in the West. Their survey is scathing of the superpowers' performance and Dr O'Neill offers his own gloomy assessment that "there is little sign of progress either in the Geneva arms talks, or in the overall superpower relationship".

This, the survey says, is all the more disappointing since

East-West relations and arms negotiations were "hibernating" in 1984. The question last year was whether "either side would use the year fruitfully to prepare a fresh approach to resolving the issues between them." Unfortunately, the changes in the early part of 1985 do not raise hopes for a positive answer.

The Administration is criticised for failing to demonstrate that "the previously intractable issues of East-West relations might be approached more successfully in the years ahead."

Soviet foreign and defence policy is described as inflexible and the institute is doubtful whether any real changes can be expected, even from Mr Gorbachev, as long as Mr Andrei Gromyko remains as the Soviet Foreign Minister.

The survey is even more pessimistic about the prospects for arms control agreements than about the overall international climate, saying that "deep and persistent divisions on the role of arms control" persist in the second Reagan Administration.

Even without this factor, however, the problems facing the negotiators in Geneva are almost intractable. The survey says that none of the divisive issues at the Geneva negotiations on intermediate and strategic nuclear weapons in 1983 has been resolved in the interim. "The obstacles to agreement divide the two sides now just as much (and probably more than) they did when the negotiations were adjourned in 1983."

THE Soviet news agency, Tass, said yesterday that President Reagan's chief arms adviser, Mr Paul Nitze, had "grossly distorted" Moscow's position at the Geneva arms talks. Mr Nitze told the National Press Club in Washington on Wednesday that Moscow had offered few specifics and was blocking progress at the talks.

Mr George Foulkes, the opposition spokesman on Latin America, said last night that he was seeking a meeting with the Prime Minister about reported government backing for British arms sales to Chile.

Referring to disclosures in yesterday's *Guardian* and in the *New Statesman* about a Centaur helicopter army vehicle being shipped to Santiago for tests by the Chilean security forces, he said: "The choice for Britain is now between humanitarianism and arms sales."

"It seems likely that the Government has chosen the latter. It would be tragic if this were the case. I am, therefore, asking the Prime Minister to receive a delegation of human rights activists to make representations on this issue."

Mr Foulkes had earlier led a deputation to the Foreign Office to protest about torture and killings in Chile.

Documents leaked to the *New Statesman* indicate that Whitehall granted an export licence for the Centaur to be shipped from the factory in Angies to Santiago for the tests. The Foreign Office is inviting tenders for a 26 million contract for 300 tracked reconnaissance vehicles.

Senior Whitehall sources said last night that the licence would be automatically issued if Chile proposed to place the full order in Britain. The vehicle shipped by Lancia to Chile had been licensed in January 1984, but political developments since then had greatly altered the

At the Geneva talks this year, there is the additional complication of space weapons. The survey refutes US arguments that agreements could be negotiated in Geneva by stages, with reductions in nuclear arsenals, even if no agreement could be reached on space weapons.

"The three sets of talks are interlocked, not only because of Soviet insistence, but also through the interrelationship of the three categories of weapons in each superpower's force structure."

The institute has no way of assessing which of the superpowers is leading the space research, but since the Russians barely admit their interest in the development of new defence technology, it concludes that the Soviet Union "is undoubtedly guilty of hypocrisy."

The US cannot reasonably be expected to make unilateral concessions. Union's demand for a halt to President Reagan's Star Wars. The institute is concerned not only with the mainstream of East-West relations, but also with the Third World, and the relationship between the Soviet Union and its Warsaw Pact allies.

One of the few encouraging conclusions of the strategic survey draws from the situation in the Third World that the superpowers have found ways of avoiding direct confrontation in the world's crisis spots.

As for the Warsaw Pact countries, even though the treaty has just been renewed for 30 years, the institute believes that the Soviet Union is finding it much harder to maintain the cohesion of the bloc.

"Eastern Europe is a declining asset to the Kremlin, and no longer offers 'the Soviet Union a firm foundation for extending its political and economic hegemony westwards'."

Strategic Survey 1984-85 Price £7.00 Published by IIS, 23 Tavistock Street London WC2E 7NQ.

When hostilities broke out in 1988, Mostoles was a small rural village hardly touched by the occupation of Spain by Napoleonic troops.

On May 2 that year, the people of the capital rebelled against the occupying French forces and the bloody battles which ensued and the massacre of hundreds of Madrilenos by the French were immortalised in the painting of Francisco Goya.

The peace celebrations yesterday, which were attended by the French ambassador to Spain and the present mayor, took place in Mostoles town hall. They began with a mass in Spanish and French for the dead in the War of Independence of 1808, an offering of flowers to "the thousands of Spaniards who gave their lives for the freedom of France in the last world war."

A recent Spanish poll indicated that 81 per cent of Spaniards feel France is the principal enemy of Spain, followed by Morocco, England, and the United States. The Soviet Union was seen as the country's principal enemy by 5.8 per cent of the sample of 2,000 people questioned.

Friends say they saw him and the head of the teachers union being arrested by a death squad. Their bodies badly mutilated and with their throats cut, were found two days later.

After being seen by senior officials, Mr Maluenda, Mr Foulkes, and members of the British Committee for Human Rights in Chile saw MPs at the Commons.

Mrs Maluenda, who has also met President Francois Mitterrand, Rome to see President Pertini.



Mrs Thatcher gets a welcome from Chancellor Helmut Kohl and an honour guard as she arrives in Bonn for the economic summit

New row as Bitburg ghosts refuse to lie down

From Anna Tomforde in Bonn

PRESIDENT Reagan told West German leaders yesterday he had never wavered about his decision to go ahead with his visit to the German war cemetery at Bitburg, which contains SS graves, despite the storm of protest he has faced.

In his first round of private talks with Chancellor Helmut Kohl yesterday, Mr Reagan described the good post-war relations between Germany and the US as a miracle. Dr Kohl, in return, thanked him for the courage he had shown in swimming against the political tide in the US, where he has suffered serious political damage because of the planned visit.

But a new storm seemed to be brewing yesterday about a remark by the German Government spokesman, Peter Bönisch, who quoted President Reagan as telling

the Chancellor that the Americans had long abandoned the idea of the "collective guilt" Germans bore for the Nazi tyranny.

"Both President Reagan and Chancellor Kohl regret that there are voices again today which suggest that such collective guilt exists," Mr Bönisch said.

In a further illustration of the ill-temper that still surrounds the visit to the cemetery, the US Assistant Secretary of State for Europe and future ambassador to Bonn, Mr Richard Bart, walked out of a press briefing over the Bitburg issue.

He had been enraged by a reporter who paraphrased Chancellor Kohl's remarks "that we must never forget and can never forgive," and then flippantly asked Mr Bart: "Who must we never forgive, the Americans or the Germans?"

In a fresh attempt to defuse the Bitburg furor, which continues to

overshadow the economic summit and President Reagan's state visit, Bonn announced yesterday that relatives of officers involved in the unsuccessful attempt on Hitler's life in July, 1944 would be at the ceremony.

They will include Colonel Berthold Graf von Stauffenberg, son of Colonel Klaus Schenk Graf von Stauffenberg, the officer who masterminded the attempt to kill Hitler with a bomb in his East Prussian headquarters. Stauffenberg was executed.

Jewish groups who travelled from the US to protest against the Bitburg visit said yesterday that they would stage a vigil on Sunday outside the former Bergen-Belsen concentration camp which President Reagan is to visit before going on to the military cemetery.

He is trying to forget the six million Jews. He should therefore

be unwelcome in Bergen-Belsen. New York Rabbi Avi Weiss, who has brought 500 supporters, said.

Bonn, obviously relieved at the staunch support it has received from President Reagan over Bitburg, said that Mr Reagan and Chancellor Kohl agreed that this year's anniversary marked not only the end of the war and of Nazi barbarism, but also the beginning of a new friendship and partnership between Germans and Americans.

However, the controversy, which seems certain to flare up again during the visit on Sunday, has been inflamed further by revelations that the owner of Greenwich Castle, where President Reagan is staying, was a grandson of Hitler.

Asked whether he was aware of this, the President told a reporter: "All I know is that after one night, I found out that there are no ghosts."

Peace—after 177 years

From Jane Walker in Madrid

THE TOWN of Mostoles, on the outskirts of Madrid, yesterday signed a peace treaty with France after unarmoured hostilities lasting 177 years.

Mr Batolome Gonzalez, the Socialist mayor of Mostoles, a dormitory suburb of Madrid with a population of 150,000 inhabitants, said that "henceforth there will be peace and friendship between the people of Mostoles and France."

When hostilities broke out in 1811, Mostoles was a small rural village hardly touched by the occupation of Spain by Napoleonic troops.

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Mrs Maluenda, who has also met President Francois Mitterrand, Rome to see President Pertini.

Polish dissident is gaoled for May Day protest

Warsaw: The Polish dissident, Jacek Kuron, was gaoled for three months yesterday for disturbing the peace and disobeying police during a May Day march by 10,000 Solidarity supporters.

Mr Kuron, who denied the accusations, was detained after negotiating with police for a peaceful end to the two-hour march.

He was among dozens of Solidarity supporters, many of them young people, who appeared in a march which ended in a peaceful end to the two-hour march.

Mr Kuron, aged 31, was one of 12 Solidarity officials released from prison under an amnesty last year. He has been

in and out of prison for his opposition activities since the 1980s.

His lawyer told the court that he could not accept allegations by the prosecution, based on broadcasts by the

Munich-based radio station Radio Free Europe, that Mr Kuron had led the march.

The march, one of the biggest opposition parades in Warsaw since Solidarity was suppressed under martial law in 1981, began at the church of the pro-Solidarity priest, Father Jerzy Popieluszko, who was murdered by security police last year.

Western correspondents saw Mr Kuron and another former union official discuss with police how the marchers could be allowed to disperse unmolested.

The US charge d'affaires, Mr John Davis, meanwhile, was called to the Foreign Ministry to receive a protest after two US diplomats were detained for alleged participation in a

Nowa Huta steel mill near Krakow on Wednesday.

The official news agency PAP said Mr William Hardwood, American secretary, and Mr David Hoppe, of the US Congress, were released immediately after their diplomatic status was verified. — Reuters

Rocard hints he will be in the French presidential battle

From Campbell Page in Paris

Mr Michel Rocard, who resigned as Minister of Agriculture a month ago, has confirmed his interest in standing at the next presidential elections in 1988. He was an unsuccessful rival when President Francois Mitterrand gained the Socialist Party nomination in 1981.

In an interview on television, Mr Rocard was asked about being a candidate. "Why couldn't I be? When one has ideas, one is never exempt from the wish to apply them," he said.

In an opinion poll in this issue of the magazine, L'Evenement, Mr Rocard was favoured by 34 per cent of the

respondents. The Prime Minister, Mr Laurent Fabius, was supported by 29 per cent, while Mr Jean-Pierre Chevènement, the Minister of Education, who is on the left of the party, was approved by only 7 per cent.

Mr Rocard, who stands for political and economic realism on the right of the party, left the government because he regarded Mitterrand's decision to introduce a proportional system in next year's parliamentary elections as a backward and defeatist step.

In his latest interview, Mr Rocard urged the party to think hard about the meaning of the government's policies. Action had not been accompanied by an explanation of policy from the left.

"The guarantee for the future that the left has learned to govern and that it will be mindful of its apprenticeship should come from the Socialist Party, but the party has not yet given that guarantee."

If the party acted as he suggested, it would win the parliamentary elections next year. Since, however, there might be a need for coalition government, the Socialists should present a programme as a basis for future agreement with other parties.

Mr Rocard's ideas will be put to the test at the party congress in Toulouse in the autumn. It is assumed that he wants influence rather than confrontation.

NEWS IN BRIEF

N-weapons 'deployed'

ISRAEL has deployed a number of nuclear-armed missiles in the Negev Desert and the Golan Heights, the newsletter *Aerospaced* Daily reported yesterday in Washington.

Quoting unidentified sources, the newsletter said the intermediate-range Jericho II missiles were mounted on erector trucks and supported by nuclear-hardened underground facilities. It was not clear when the missiles were deployed. — Reuters

Captives freed

AFGHAN rebels have blown up one of their freshly stockpiled arms dumps in Pakistan, killing about 24 Soviet and Afghan captives who broke free and seized it. Pakistani officials said yesterday in Peshawar. The incident took place at a rebel training school on Saturday after a night of fruitless negotiations with the prisoners. — Reuters

Beagle peace

CHILE and Argentina yesterday exchanged instruments of ratification, putting into effect a Vatican-mediated treaty ending a century-old border dispute involving the Beagle Channel. The Pope attended the ceremony at the Vatican. — Reuters

Boxing date

AMERICA's former world heavyweight champion, Muhammad Ali (above), is due to coach Chinese boxers this month, the *New China* News Agency said yesterday. Ali is due to visit China with his wife, Veronica, from May 11 to 22. — Reuters

Nazi extradited

A US magistrate in Los Angeles yesterday ordered an alleged Nazi war criminal, Andrija Artukovic, to be extradited to Yugoslavia where he is accused of being involved in the murder of more than 6,000 civilians. The final decision will be taken by the Secretary of State, Mr George Shultz. — Reuters

Film confiscated

AN ITALIAN magistrate in Pesaro yesterday ordered a halt to local showings of Jean-Luc Godard's controversial film, *Je Vous Salue, Marie* (Hail Mary). The film offended the Catholic religion, the magistrate, Mr Alfredo Mensitieri, said. — Reuters

Border respite

NIGERIA's land borders, closed for a year, will be reopened for 700,000 illegal aliens to leave. The aliens, mainly from neighbouring states, have until May 10 to regularise their situation or leave. — Reuters

London visit

PRESIDENT Paul Biya of Cameroon will make an official visit to Britain between May 13-17. Mrs Thatcher's invitation, the Government announced yesterday in Yaounde. — Reuters

Envoy named

INDIA has chosen Mr P. C. Alexander, a former top official in the prime minister's office, as the new high commissioner to Britain, the *Hindu* newspaper reported yesterday. The appointment has not yet been officially confirmed. — AP

Smuggler's haul

UGANDAN customs men, searching a London-bound Uganda Airways plane last week, found a briefcase containing \$100,000 in cash and seven kilos of gold, the weekly *People* reported yesterday. No-one has claimed the haul. — Reuters

Gandhi fortune

INDIA's former prime minister, Indira Gandhi, left \$180,000 in property, shares, and money in her will, the newspaper *The Statesman* said yesterday. She left everything to her three grandchildren. — Reuters

Moscow's lukewarm invitation

From Marina Walker in Moscow

THE Soviet Union has sent Britain an invitation with the lowest possible profile to its big celebrations of the 40th anniversary of VE Day.

It has despatched what amounts to a round robin letter sent to all Moscow embassies to forward home. Britain is invited to send a representative to the three formal events marking the anniversary.

The invitation simply reads: "The embassies in Moscow, events connected with the 40th anniversary of the Soviet people's victory in the great patriotic war." It then lists the formal May 8 celebrations in the Kremlin's Palace of Congresses, the Red Square parade the next day, and a Kremlin reception later the same day.

The British embassy refused to comment on the invitation and said that no decision had yet been reached on what would attend for Britain. Although Mrs Thatcher recently told the Commons that the Moscow ambassador, Sir John Sutherland, will probably attend.

The invitation was delivered to all embassies here on the eve of the May Day holiday. Soviet officials have refused to say whether they have received any invitation to attend the VE Day memorial service in Westminster Abbey in London. In contrast to their earlier plans for a reunion of the wartime allies, the Kremlin has apparently decided to play down international participation in its celebrations, at least where the West is concerned.

Strike halts Sweden

From Roland Stanbridge in Stockholm

All flights in and out of Sweden came to a standstill yesterday, and goods traffic by air, land, and sea, as the powerful civil service trade union, TCO-S, withdrew key workers in a pay dispute.

Stranded air passengers are travelling to nearby Norway and bus. The calling out of most customs officials has aroused fears that drug trafficking might increase greatly during the strike.

The strike — for wage increases in line with the private sector — involves 20,000 workers including one-third of Stockholm's police, school teachers in five municipalities, and the country's postmaster, customs officials, and the crews of icebreakers in the Baltic Sea.

Today, the state employment association, SAV, is expected to respond by locking out a further 100,000 union members. The strike has been designed to disturb foreign trade after a landmark by which a balance of trade fell into a 6 billion deficit at the beginning of this year.

A prolonged conflict, costing Sweden about £100 million a day might provoke the Government into using legislation to stop the strike. This was done once before, in 1971, and the recent Danish strike was crushed in this manner. TCO-S, one of six public sector unions, reached its two-year agreement with SAV last year.

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Christian refugees with little faith in future

From Ian Black in Qlea, South Lebanon

AN OLD woman hobbled down the steps of the Qlea church hall clutching a foam mattress and two grey Israeli army blankets.

She sat on the parapet and surveyed the scene listlessly. Behind her, a young man in the uniform of the South Lebanon Army carried a large cardboard box bearing the International Red Cross symbol.

Down the road towards the border, another group of refugees from the Sidon area were beginning their second day in a neat line of olive green marquees laid out between the goalposts on the village football pitch. Mrs Barbara Livingstone, of Christians for Lebanon, gripped the hands of Mr Ibrahim Riallah, and prayed aloud for his deliverance.

Mrs Livingstone's gospels may well have comforted some of the thousands of Christians who have been pouring into Israeli-controlled South Lebanon for the past week. But their faith has not helped them hide their anger about what brought them here.

In churches, schools, and makeshift camps all over the area, the refugees were complaining bitterly yesterday. "When the Israelis left the Muslims and the Palestinians took our land," groaned Jamil Makhoul from the vil-

lage of Ein Durr, near Sidon. "It is the fault of Amin Gemayel and the Lebanese government. They did nothing for us Christians."

The refugees' anger is directed more at President Amin Gemayel and at Samir Geagea, the leader of the rebel Christian Lebanese forces — whose shelling of the Palestinian camps round Sidon brought such harsh retribution — than at those who perpetrated the destruction.

"Is this what Geagea wanted?" asked Huda Mikhail, a haggard middle-aged housewife from Mia Mia, where the church was burned down by ELO men from the neighbouring refugee camp.

Alice Hanna came to Qlea with her four children after their village near Jezzine was attacked last week by a combined force of Palestinians, Shi'ite Amal militiamen and Sunni Nasserites. Her barbs, too, were reserved for the Christian leaders.

"Gemayel," she shouted, "tore up the agreement with Israel. All free Christian people wanted that agreement. We love the Israelis. Now we can trust only them and Lahad's men. They are the soldiers of God."

General Antoine Lahad's South Lebanon Army is still holding Christian Jezzine, to the north of the Israeli security zone, but among the tired and anxious refugees, who have found shelter here

— this week's version of the permanent and familiar players on the stage of Lebanon's unending tragedy — there are many who have seen too much to have any faith in anyone anymore.

"Most of my people just want somewhere to feel safe," said Elias Hourani, a shopkeeper from the coastal Kharroub region who has taken refuge in the Sisters of the Sacred Heart school in Marjayoun.

"Many of them want to go to Beirut, Walid Jumblatt, the Druze leader, has promised them safe passage but they don't believe him."

Estimates vary of the precise number of refugees in the Israeli-controlled north. According to Francis Rizk, a Qlea teacher and secretary of the aid committee set up to help house and feed the newcomers, there are between 15,000 and 20,000. Should Jezzine fall, or General Lahad be forced to withdraw, there will be many thousands more.

Accommodation is the biggest problem. But, yesterday at least, there seemed to be no shortage of basic food, much having been supplied by the Israelis.

"The Israelis are helping us," Mr Rizk said, "and they were the first to respond to our appeals. But many people are asking: 'Where is the Christian world? We don't want them to help us politically or militarily, but just as human beings.'"



The Israelis move out of southern Lebanon — and behind them they leave the Christian refugees who face an uncertain role in the country's unending tragedy

Warning of retaliation to villagers who aid guerrillas

Israel to use fear in border zone defence

Jerusalem: Israel intends to establish a "balance of fear" without a border security zone in south Lebanon and will retaliate against villagers aiding anti-Israeli guerrillas, a senior official said.

The official said Israel plans to set up local militias of 15 to 24 men in the three-to-six miles deep buffer area. Israel, he said, was spreading a message among the south Lebanese — cooperate with anti-Israeli activists from the north and risk retaliation, or prevent guerrillas from entering the area and live in peace.

The Israeli-armed South Lebanon army militia will continue to patrol the area, but its members from outside the security zone will be disarmed and sent home, the official said.

Israeli forces will be stationed just across the border and come to the aid of the local militias and the SLA if they cannot maintain security. "In the security zone, there will be a balance of fear," the official said.

The Defence Minister, Mr Yitzhak Rabin, has said villagers in south Lebanon will not live in peace if northern Israel is attacked. "Nabatieh had 4,000 inhabitants when we came in. Now it has 60,000 and it can easily be returned to 4,000 in a matter of hours."

They know it, and that's why they're behaving," the official said.

Israel sees the coming weeks before the planned withdrawal by the beginning of June, as a time to expunge the population to the idea that Israeli soldiers will be at the beck and call of the local militias.

Officials here feel that their army has lost credibility in Lebanon through its retreat and now the Lebanese must be convinced that Israel is not turning its back on its northern border.

The Lebanese who live in the zone, a mix of Shi'ite Muslims in the west, Christians in the central sector, and Druze to the east, will learn that Israel's allies in the north are not to be trusted.

Israel will continue to pave roads, teach farming, and provide medical care and water as part of its "good fence" policy begun in the late 1970s and accelerated in the past two years. It also is strengthening the border fortifications to block suicide car bombers, — Reuters.

Khamenei's sister defects to Baghdad

Baghdad: The sister of Iranian President Ali Khamenei has defected to Iraq just before the Iranian presidential election. She and her five children fled Iran to join her dissident husband here, she said yesterday.

Badri Hosseini Khamenei told a news conference she had left Iran by land "with the help of some friends" after her brother had refused to allow her a passport.

She said she would not engage in political activities, unlike her husband, Sheikh Ali Tehrani, who has been in Iraq for more than a year. He and the five children, aged between four and 22, were at the news conference, arranged by the Iraqi Information Ministry.

Mrs Khamenei, aged 40, said she asked her brother for a passport eight months ago but he told her he could not do anything for her because Iran was at war with Iraq. Ahmed, son of Ayatollah Khomeini, had also refused to help, fearing she would join her husband.

"I told Ahmed the current regime in Iran is worse than that of the Shah because the Shah allowed your family to join your father (Khomeini) when he was expelled to Iraq more than 20 years ago," she said.

She added that she knew her defection would embarrass her brother. It comes as Iran announced that presidential elections will be held before July 22.

President Khamenei, aged 45, Iran's third President since the Islamic revolution, completes his four-year term in September but has not said whether he will seek a second term.

Mrs Khamenei arrived in Iraq with three of her children, aged 15, 14, and four. The other two arrived separately after being briefly under arrest in Iran. "Two oil tankers, one Nigerian and the other Japanese, came under air attack by Iran in the Gulf yesterday north of Qatar and at least one was left blazing," — Reuters.

KGB orders secrets

TEL AVIV: The KGB tried to obtain US missile sensors by forging a telexed order in the name of an Israeli military contractor, an Israeli daily said yesterday.

The Russians hoped to use them to improve the accuracy of their Katyusha rockets, used by Arab guerrillas and many Arab armies, Davar said. The paper's Washington correspondent reported that a Pentagon official told Israeli industrialists that the FBI foiled the plot.

The Israeli electronics firm Tadiran, the sole foreign buyer from Hughes Aircraft of sensors used in Israeli missiles, had used open telex lines to order the equipment, the paper added.

Hughes became suspicious after getting a telexed order ostensibly from the Israeli firm and contacted it for verification. Tadiran said it never sent the order.

Two Polish agents working for the KGB were arrested when they claimed the shipment. Davar said. — Reuters.



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Priest claims huts burned to prevent anyone returning

Ethiopia says refugees left camp of their own free will

Nairobi: Ethiopia yesterday denied newspaper reports that 50,000 famine victims were forcibly moved from a feeding centre last weekend, but a Catholic priest said at least that number had been ordered to return to their homes.

Mr Dawit Wolde Giorgis, head of the Ethiopian government's Relief and Rehabilitation Commission, said in Addis Ababa that the report was a fabrication.

He said 30,000 people at the camp at Dinet, northern Gondar Province, had freely decided to go home to work on their farms because of recent rains, and that 25,000 people remained at the feeding centre.

But Father Jack Finucane, field director of the Irish aid agency Concern, said that at least 50,000 famine victims were ordered to leave the camp at gunpoint or through being immediately burned out to leave the Dinet camp, and only 3,000 elderly or infirm people were left.

Father Finucane said the remainder were ordered home last weekend by officials of the Workers Party of Ethiopia, set up in September, 1984 by the Marxist government to oversee Ethiopia's Socialist development. By Tuesday, their huts had been burned down "to deter them from coming back," he said.

Mr Dawit said the 30,000 people who had opted to leave the feeding centre were given "provisions as well as seeds and farming implements and were allowed to go" to take advantage of the current rains to grow their own food.

Father Finucane, who visited Dinet on Tuesday and spoke to an eight-person Concern team there, said only a few people were given provisions but of

his people.

Punjab split puts peace in jeopardy

From Eric Silver in New Delhi

A leadership battle between moderates and militants inside the main Sikh party is threatening to upset efforts by the Prime Minister, Mr Rajiv Gandhi, to restore peace to the Punjab.

The prospects for a negotiated settlement have now receded, despite a new pledge by Mr Gandhi to make every effort to end the conflict in the state.

Mr Harbansingh Singh Longowal, president of the Akali Dal, is fighting to stage off a takeover led by the 90-year-old father of Sant Jarnail Singh Bhindranwale, the preacher of violence who was killed last June when the army stormed the Sikhs' holiest shrine, the Golden Temple in Amritsar.

Mr Joginder Singh said on Wednesday that the two rival Akali Dal factions, the more moderate under Mr Longowal and the more extreme under Mr Jagdev Singh Talwandi — were merging under his leadership. He claimed they had authorised him to bring them together.

He also announced the formation of a nine-member committee to manage the party's affairs, and its composition leaves no doubt that it would be a committee to resist rather than to negotiate any compromise with the Government.

Its members include a former senior police officer known as Bhindranwale's ideological mentor and now under detention. An Indian diplomat who resigned after the Golden Temple action in Norway, the brother of the extremist president of the Sikh Students' Federation, and Bhindranwale's older brother, Jagjit Singh Rode, who was released on bail earlier this week.

Mr Longowal said he had no right to dissolve the party. Even if a party chief did not have the power to dissolve the party, he said.

He has called an Akali Dal conference in Amritsar on May 17 to discuss the new situation. It had, he said, created "confusions and misunderstandings" in the party and among Sikhs in general.

While admitting that he had authorised Mr Joginder Singh to promote unity, he maintained that he had never given him the right to dissolve the party or set up a committee.

Mr Gandhi's initial reaction was to say the Government would not do anything until the Akali Dal found an undisputed leader.

Mr Gandhi has tried hard in the past month to draw the Sikhs into negotiations. Most of the Akali leaders decried the shooting of the Golden Temple have now been freed. A High Court judge is to investigate the massacre of Sikhs after the Gandhi assassination, and the Sikh Students' Federation, banned at the height of the Bhindranwale terror campaign a year ago, has been made legal.

The only Sikh term for resuming dialogue that the Prime Minister has rejected is an amnesty for Sikh soldiers who mutilated last June. But most are receiving lenient sentences from courts martial.

The problem remaining — sharpened by this week's claims and counter-claims inside the Akali Dal — is who now speaks for the Sikhs and, if an agreement were reached, could it be made to stick? As a reminder that the days of Sikh terror are not over, a local leader of Mr Gandhi's Congress party was shot dead on Wednesday.

The only Sikh member of the Cabinet, the Agriculture Minister, Mr Bhai Singh, had a heart attack in Parliament yesterday, and his condition was later reported to be comfortable. Reassured by the Golden Temple high priests last month, he continues to dispute their authority to penalise him.

A strike by government employees in the western state of Gujarat, where at least 73 people have been killed in two months of riots over a minorities policy, yesterday threatened to spread to new areas.

The Press Trust of India news agency said a union representing 700,000 state civil servants had called on members to stay away from work today and to go on indefinite strike from May 17.

Police in Johannesburg said three more blacks were killed in anti-apartheid rioting yesterday, and three policemen were wounded when they were attacked by blacks throwing stones and firing slingshots.

Police said rioting flared in six black areas around the country. They shot and killed two blacks during the pitched battles in Kwanobuhle, nine miles from Port Elizabeth.

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Protest: Some 20,000 Filipinos mark May Day by burning an effigy of a three-headed monster depicting the Government, imperialism, and feudalism at a Manila rally on Wednesday

Soldier 'held gun' at Aquino

MANILA: The only person to admit to witnessing the murder of the Philippine opposition leader, Benigno Aquino, said yesterday that she saw a uniformed soldier point a gun at his head and then heard shots.

Ms Rebecca Quijano, aged 32, a businesswoman, was applauded and cheered by spectators when she took the stand for the first time — and lawyers and prosecutors rushed to guard her when the power failed and plunged the Manila court into darkness.

"I saw a gun held at the back of Aquino's head and heard gunfire," Ms Quijano testified, adding that the gunman wore the khaki uniform of the paramilitary Metropolitan Command (Metrocom).

She did not identify him. An official inquiry last year said that the gunman was either Constable 1st Class Rogelio

Moreno of Metrocom who was behind Aquino or Sergeant Filomeno Miranda. Ms Quijano had been on the plane that brought Aquino from Taipei to Manila. He was killed as he left the airliner after returning from exile in the US in August, 1983.

Ms Quijano became known as "the crying lady" who burst into tears at the airport after the killing but then disappeared. She said that she agreed to testify after her lawyers said her best protection was to tell the truth.

Ms Quijano said yesterday that Aquino and the soldiers escorting him from the plane, were three-quarters of the way down the steps when she looked out of a window in the first class section, saw the gun and heard the shots. The military blamed the murder on Rolando Galman who it accused of being a Communist agent. — Reuter.



Ms Quijano: key witness takes stand

Vietcong 'betrayed by the North'

Paris: Amid the torrent of publicity surrounding the tenth anniversary of the end of the Vietnam war, a former Vietnamese revolutionary leader sits in a small, simply furnished Paris apartment and remembers with bitterness.

Truong Nhu Tang stands out from other refugees who fled their homeland after the fall of Saigon and the communist takeover of South Vietnam in April, 1975.

He was a founder of the South Vietnamese National Liberation Front (NLF), known to the Americans as the Vietcong, and a former minister in the Provisional Revolutionary Government (PRG) which took power after the US-backed regime fell. It held power until North and South Vietnam were reunified in 1976.

In 1979, disillusioned with events, Tang fled by boat, the only senior revolutionary to do so. In a rare interview, he discussed his life and the reasons behind his decision to flee.

Tang, a small, gentle, grey-haired man in his 60s, said: "Today, 10 years after we won, I am personally so disappointed. I feel so sorry for my people, for my country, in as much as our revolution has been betrayed, and we have been cheated of our liberation."

A book by Tang on his experiences came out last month in the United States and is due to appear in Europe later this year.

Accusing the northern-dominated leadership of being ideologues who want to model the country on the Soviet Union, he said: "Those who act against the interests of the people will be overthrown by the people, they will be judged by history."

Tang, who as Minister of Justice in the PRG assumed the same job when Saigon fell, spoke of his bitterness at learning that after years of fighting alongside North Vietnamese army regulars, he and his fellow NLF guerrillas were to be edged out in the subsequent struggle for power.

Botha says victory 'a vote for reason'

From Patrick Laurence in Johannesburg

President P. W. Botha yesterday described the victory of the ruling National Party in critical by-elections in Port Elizabeth and Harrismith as a vote of confidence from the white electorate for "balance and reason."

The NP retained its parliamentary and provincial council seats in Newton Park, Port Elizabeth, with slightly reduced majorities, while only just scraping home in the

townships almost certainly assisted the NP in beating off a challenge from the relatively liberal Progressive Federal Party. The PFF rather than the ultra rightwing CP was the main threat to the NP in Port Elizabeth.

PFF leaders accused the NP during the campaign of adopting a highly conservative stance and of trying to link the PFF to the extra-parliamentary United Democratic Front, which President Botha has charged with joint responsibility for the outworn Apartheid National Congress for unrest in the townships.

"The NP fought almost a CP campaign against us, exploiting the Langa shooting to the full to create a siege-like mentality among the voters," Dr Frederik van Zyl Slabbert.

In the Harrismith provincial council by-election, the CP came within a whisker of defeating the NP, its candidate losing by less than 250 votes. The NP has not been opposed in the Free State Provincial Council since 1953, so complete has its domination of the province been.

It was against that background that the CP yesterday described the Harrismith result as "a recommended achievement."

Its leader, Dr Treurnicht, remarked that Harrismith had only been 14th on the CP list of priorities in the Free State. He predicted that the CP would win Harrismith next time.

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Chinese swing into golfing

Shisanling, China: A Chinese revolutionary hero, Wang Zhen, swapped his lacquered cane for a three-iron yesterday and, at the second attempt, nudged his golf ball a few yards into the valley of the Ming emperors.

Wang, aged 77, a member of the Communist party politburo, was attending ceremonies to mark the start of construction of Peking's first golf course, a \$16 million Sino-Japanese venture, at Shisanling, north-west of the capital.

The silver-haired old man in a strict black Mao suit missed on his first swing off a makeshift tee, but his second blow sent the ball bounding down the first fairway which had been sprayed with green paint for the occasion.

The Japanese ambassador, Yosuke Nakae, then took a turn. His first drive also failed to make contact and the pink rosette he was wearing fell off.

The Peking International Golf Club is due to open in a year. It is being built by Japan Golf Promotion Incorporated in collaboration with the local authority responsible for the Shisanling Valley — the once-banned resting place of 13 of the 16 Ming Dynasty emperors who ruled China from 1368 to 1644.

Access to the valley was long forbidden to all except the living emperor, and the staff who maintained the temple buildings.

A farming commune was established in the valley after the victory of the Communists in 1949, and two tombs were restored for tourists, but the others have fallen into ruin.

China has indicated that it will break with its Maoist past and play a stabilising role in Asia, the International Institute for Strategic Studies said in London yesterday.

The institute, however, raised doubts as to whether the new course charted by China's 80-year-old leader, Deng Xiaoping, could be maintained after his death because no charismatic figure in the same mould was waiting in the wings. — Reuter.

Peking to fight drugs

From Mary-Louise O'Callaghan in Peking

China is grappling with a drug problem, including opium and heroin trafficking, despite earlier denials, officials have admitted.

The deputy governor of Yunnan Province in south China, which borders Burma, Laos and Vietnam, said recently that drugs were being smuggled across the border and some people had a drug problem.

Foreign students here have long found marijuana readily available but Mr Zhu's comments are the first official confirmation of the drug problem.

Four years old. Seriously underweight for her age. Scavenging for food where she can find it. And she's English.

With a stepfather who refused to acknowledge that she even existed and a mother who was too frightened to help her, this child was being slowly and deliberately starved.

She was feeding herself out of dustbins, and when the case came to our attention the child was suffering seriously from malnutrition.

It didn't happen in the famine stricken third world. It happened in a nice English town, (like the one you live in).

The NSPCC doesn't set out to punish the parents or break up the home.

We can give positive help by protecting the child while we provide assistance and advice that both the child and the parents obviously need.

£15.48 can protect a



child for two weeks. That's the sum we're asking for now.

The rate of public donations is just about keeping pace with the number of new cases we have to tackle.

If ever that source of money dries up, we'll have to seriously cut back our services.

If you can't afford a fortnight's worth of protection, whatever you can afford will be gratefully received.

And it will all go to help more than 40,000 of your fellow countrymen.

I would like to help protect a child, and I enclose my cheque or postal order for £15.48. Access and Visa card holders may debit their accounts.

No.

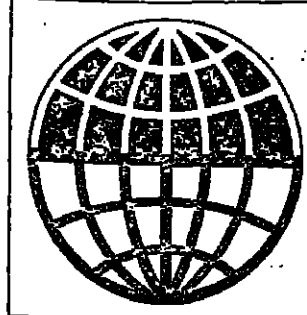
Signature

Name

Address

Postcode

Please send your donation to Dr A. Gilman, NSPCC, 40 Grosvenor Gardens, London W1A 3AB.



THIRD COLUMN

Home is the hunted

ON FRIDAY, March 29, Manuel Guerrero, primary school teacher, 36-year-old, leader of the Santiago Branch of the teachers' trade union, had his throat cut by a Right-wing death squad on a road near the international airport of Santiago. Killed with him were Jose Manuel Parada, who worked in the department of law at the human rights office of the Catholic Church, the Vicaria de la Solidaridad, and Santiago Nafarro, a 64-year-old painter, and a leader of the teachers' union.

Another teacher, Leopoldo Munoz, who tried to stop the abduction, is now in hospital in a critical condition after being shot. General Pinochet's secret police, the CVA, raided the headquarters of the teachers' union the next day.

I first met Manuel Guerrero during a short visit he made to London from Chile in Europe in 1980. He had been a youth leader in Chile and so, Chilean exiles of the Young Popular Unity (YUP), who had supported Allende's government, organised a series of meetings with British youth organisations.

Manuel gave them greetings in the name of the Chilean youth fighting Pinochet's dictatorship, and we learned about the organisations we visited and sought ways to increase solidarity with the democratic struggle in Chile. Manuel also had numerous meetings with groups from the exiled Chilean community here.

Three years later to our great surprise we found out he had returned to Chile, which he had left because his life was in danger.

Manuel was one of the very few "disappeared" who had reappeared.

His "disappearance" was a long 20 days of sustained threats and ill-treatment. He was detained in June, 1976 in La Florida, Santiago. As is usual in these cases, his captors got out of a car and started beating him up in a brutal way without any kind of warning. As he resisted they shot him. The bullet went through his chest and lodged under a bone. His captors would later tell him that he was a "lucky man" and would also ask him, laughing at him, to fill out their weekly betting cards. Even during torture they would remind him, "You are a lucky man".

Manuel did not talk about this, I remember that. But knowing how painful his time in detention had been, I once asked him once if it was also a detainee and was tortured and I know how difficult it is to talk about these things. But I did it to have his own direct account.

Now I remember that he told me how they had even gone as far as using his bullet wound to torture him. Another thing he mentioned was that he was blindfolded so he would not recognise his torturers later.

He thought that the psychological damage which is required to become a torturer must be expressed in some kind of deformity easily apparent to the naked eye — a contorted face, a look which betrays the tortured mind of the torturer. But this was not so. Once, he said, his bandage fell off or they took it off and he was able to see their faces. They seemed perfectly ordinary guys.

Manuel's return to Chile was dramatic. In an interview by the magazine *Analisis* today, he told how he was recognised at the airport by agents of the secret police, CNI. "It's him, it's him," they said. In one way or another that "it's him" he heard many times after landing on Chilean soil would go on ringing throughout the two years that Manuel Guerrero managed to live in Chile.

He was subjected to constant pressure and surveillance, which went on throughout the last months of his life. His crime was to be a leading member of AGECH, the Chilean teachers' union.

Every month and from different parts of the world, Chileans return to their country. A British friend asked me the other day "But why are you all going back? Here you will not be followed or killed by Pinochet's secret police."

Perhaps the answer to such a sensible question lies in the "Tourist Snaphshots of Chile" which Adrian Mitchell brought back from Santiago last September. "They (Chilean exiles) returned to Chile now, not because it's safe to do so but because they want to be home, especially now when anything may happen."

Osvaldo Ramirez
Osvaldo Ramirez is a Chilean living in London.

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Chiam See Tong — after the triumph not a smooth ride

Clive Syddall reports on the impact of Singapore's coffee-shop Opposition

Two-man band calls the tune

IT'S 7 o'clock on a Thursday evening and the Potong Pasir coffee shop is preparing for the busiest night of the week. The chatter is not idle neighbourhood gossip. There's a smell of politics in the air. A small bespectacled man with a slight stoop enters the shop and the customers start clamouring for his attention, pressing to get near him and shake his hand.

Chiam See Tong holds an unusual office in Singapore, that of an Opposition MP and leader of the Workers' Party. He has been given the sort of treatment usually reserved for a film star.

The Potong Pasir coffee shop is one of the many traditional neighbourhood eating houses on a government housing estate just off the Serangoon Road. The coffee shops in this area were a landmark during the campaign in Singapore's last election when the prime minister, Lee Kuan Yew, received a disturbing message from his unusually pliant electorate.

In a country whose government has a reputation for being aloof from the people, Chiam went out of his way to sit down with constituents and talk about their problems over a cup of coffee. It was the first time that any political candidate had reached out to meet the local people.

"Sitting in a coffee shop was too low for the government candidates," said Chiam. "Before they met the electorate, an elaborate reception was laid on, building up the candidate, and then cleared from the streets. How could they expect to communicate with the people?"

He claims his coffee shop meetings were a major factor in his success. "I still use the coffee shops as an unofficial 'surgery', and a place to meet support-

ers and plan strategy with his party aides. Chiam is leader of the tiny Singapore Democratic Party. Together with J. B. Jeyaretnam, leader of the Workers' Party, who in 1982 became the country's first opposition M.P. for more than 15 years, they form the small official Opposition to Lee Kuan Yew's governing Parliamentary Action Party.

Chiam campaigned to make Singapore more democratic, attacked the high cost of public housing, the streaming of school children which divides children into fast and slow learners at an early age, and Lee's graduates mothers' programme, a system of incentives to encourage highly educated women to have more babies, and the rest to undergo sterilisation.

Chiam won convincingly with a 60% majority in his own constituency. Jeyaretnam was re-elected to his Anson district by a smaller margin and five other Opposition candidates only narrowly missed winning their seats.

With only two out of 79 seats, they do not pose much of a threat to the government, but Lee Kuan Yew was not amused by Chiam's success or the size of the Opposition vote. He threatened to reconsider the one man, one vote system and to withhold certain P.A.P.-sponsored community level services from constituencies that voted against his party.

Outside the coffee shop, a queue of over 100 people had formed by a makeshift office with tables and chairs in what is known as a "void" underneath one of the tower blocks. A big red banner over the table proclaimed "Meet The People Session — Service Before Self".

Residents line up to seek their M.P.'s views on government policies and their problems. A distressed Chinese woman in her late

forties tells Chiam about her Malay husband who has been refused a renewal of his temporary work permit and risks being deported back to Malaysia in ten days' time. Although they have been married for 15 years, the authorities still refuse to give her husband a permanent visa to work in Singapore.

At another table an orchid farmer tells Chiam his story. He had a successful business growing orchids until the Primary Production Department, for no apparent reason, ordered him to stop growing orchids and start growing vegetables instead.

Unfortunately, he knew nothing about growing vegetables and that business failed. Two years later, when the department decided to reverse its earlier decision, his vegetables had failed, his valuable orchids had died, and he was bankrupt. He is now fighting for compensation and he needs Chiam's support and advice.

"Government officials here have a take it or leave it attitude," Chiam says. "They make a decision and that is it. It is hard to fight officials here and many people feel they have no redress against 'Big Brother' attitude, so I am sometimes their last hope."

Soon after taking his seat in parliament, Chiam, a teacher turned lawyer, discovered that he was subject to the abuse traditionally reserved

for Opposition MPs. As he put it, "I haven't exactly had a smooth ride." One P.A.P. MP accused Chiam of "injecting poison in people's minds." Another called him "a danger to Singapore."

None of this comes as a surprise to J. B. Jeyaretnam, Singapore's other Opposition MP. "This place is run by a load of faceless technocrats and zombies," he said. During his first term in parliament, there was very little he could do but ask pointed questions of government ministers who often treated him with contempt. However, that attitude may now change.

"Now," he said, "the Opposition can table motions because Chiam will be there to second them." He looks for the return of the British House of Commons style of parliamentary democracy to Singapore where the job of the Opposition is to oppose, but Chiam is less radical than

J.B. and has his own ideas of the role of the Opposition.

"In our society, you cannot oppose for Opposition's sake, if we did that we would be misunderstood. In Singapore, the public wants to see us play a constructive role or a complementary role to the government. But when the government is wrong, we will say so." Chiam is prepared to give due credit to Lee Kuan Yew's achievements in Singapore, saying he was probably the only man who could have turned the country round economically.

He feels, however, that now the country is financially sound, it is time to relax some of the more restrictive policies where they affect Singaporeans' personal freedom.

One factor helping Chiam to establish himself with the public has been the recent introduction of television into parliament. "Taxi driv-

ers, labourers and hawkers who thought members of the government were invested with some superhuman powers can now see they are ordinary people like themselves. Televising parliament has been good for the Opposition."

Chiam may have a point. A senior Singapore Broadcasting Corporation executive agrees that televising proceedings has taken the mystique out of parliament, and a senior aide to the Prime Minister confided that, apart from Mr Lee, government ministers are not very good on TV and "we are looking at ways to improve them."

The important question is whether this two-man Opposition can grow into something that will have more influence. There are signs that it will. Shocked by the size of the Opposition vote, the government is already reviewing many of its controversial policies which were under attack during the election, including the much distrusted graduate mothers' programme which is now likely to be dropped.

There are also signs that people are more willing to join the opposition party. Chiam's SDP went into the last election with only 200 members, it now has over 1,500 and the number is still rising.

It is notoriously difficult, however, to openly oppose the government. There are regulations that prohibit

political rallies and speeches except during an official election campaign. People are restrained from criticising the government for fear of reprisals; even letters sent to the national newspapers commenting adversely on the government's policies are published under assumed names. It has not been unknown for critics to be arrested and held without trial.

Members of the governing party still ridicule Opposition politicians for their inexperience and humble backgrounds, but some senior ministers are now beginning to acknowledge Chiam's political presence.

Lee Hsien Long, the prime minister's son and newly elected MP, said, "If I set a policy and Chiam can stand up and convince half the population that it's absurd, then either it's absurd, or I'm not a very good salesman."

Both MPs agree that the next four years are crucial for the Opposition. As Chiam puts it: "If we don't keep up the momentum and we fail to check this government's increasing power, then Singapore will end up as a totalitarian state."

As I walked away from the coffee shop late that night, one of Chiam's supporters raced after me and grabbed me by the arm. "You journalist," he said, "you Western journalist, go back and tell them what's really like — there's no democracy here."

CHINA

People's courtship

Michael Zander on the determined push to improve legal services

ONE of the most puzzling events of recent years in China was the call last May by Deng Xiaoping for 500,000 lawyers — more even than in the United States. At present there are only 15,000.

For over 2,000 years lawyers have played a small role in China. For most of the Imperial period law was rudimentary, consisting mainly of criminal law. The moral code (it was more important than the law, which educated people were taught to despise as an inferior form of social control).

In the first decades of this century, western style codes of law were introduced, new courts were established, and law schools were set up in universities. But the number of trained lawyers was small. After the Communists came to power in 1949 the notion of a legal order independent of the will of the party was untenable. Judges were chosen for their political reliability.

From 1967 to 1977 in the Cultural Revolution the situation was even worse.

The turn of the tide is generally dated from the Third Plenary Session of the National People's Congress in December, 1978, which issued a communique that "there must be laws for people to follow, those laws must be observed, the subordination must be strict and lawbreakers must be dealt with."

The conversion to some idea of the rule of law since Deng took over in 1977 seems vast as far as it goes. Decades of new laws including two successive constitutions have been enacted. The 1982 Constitution established the formal supremacy of the law even over the army and the party. ("No organisation or individual shall enjoy privileges that transcend the Constitution and the Law.")

The legal profession was reconstituted by the National People's Congress in August, 1980. Today there are more than 2,000 legal advisory offices. Lawyers are state-salaried employees who act as legal advisers and appear as advocates in court — though non-lawyers can appear as advocates as well.

Law schools have been started again in nearly 30 universities and institutes, and law graduates are coming off the production line in substantial numbers. Law is being brought to the people by massive publicity campaigns through the press and TV and public education programmes.

The new policy of opening China to foreign legal influences is being vigorously pursued. Since 1980 there have been more than 100 visiting foreign legal delegations,

many sponsored by the ministry of justice.

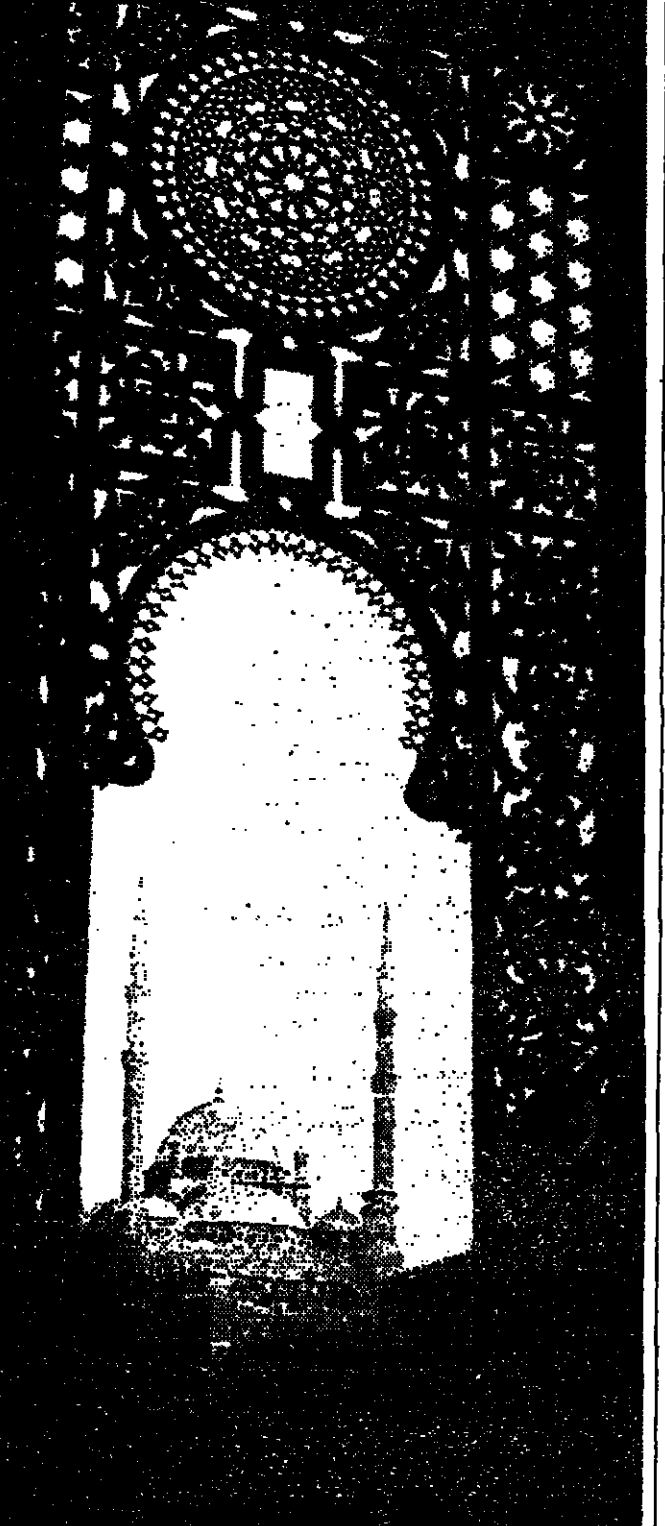
We were told repeatedly that the Chinese were anxious to study the common law system and especially its approach to the control of the bureaucracy through administrative law.

Nevertheless it is difficult to imagine that either Chinese lawyers or courts will in the foreseeable future be able to play a role comparable to that of their

Anglo-American counterparts. The present generation of judges for the most part appear to have more of a party than a legal background.

Even though this is gradually changing, the Constitution, which appears to guarantee the independence of the courts somewhat inconsistently, also makes the judges accountable to the National People's Congress, and its Standing Committee.

In jeopardy? The Mohammed Ali Mosque. Picture by Michael Jenner



which appoints and can dismiss them.

The ministry of justice controls the recruitment, discipline, training, rewards, and assignment of lawyers.

There is no tradition in China of using the courts to act as a check on government organs and officials, and given the apparent political subservience of both lawyers and the courts, it will be difficult to establish such a tradition.

The apparently genuine desire to act as a check on the Anglo-American system in general and its administrative law system in particular is therefore mysterious. It is difficult to imagine the model serving any very practical purpose in China.

No doubt, as the economic system develops, there will be scope for more lawyers, but western experts journey to China to study their system whereby ordinary citizens resolve disputes through informal mediation.

Happy the country that can find an acceptable alternative to lawyers and litigation.

EGYPT

The wet threat

The latest attempt to save Cairo's old city is causing concern.

Michael Jenner reports

IN 1980 a group of consultants commissioned by Unesco put forward an ambitious programme to deal with damage to Cairo's old city, which sits within the choking girdle of expressways and sprawling suburbs of the modern metropolis.

Tram jams, overcrowding, collapsing apartment blocks, an overburdened sewage system and, above all, rising water, threatened the square mile of the medieval city, founded 1,000 years ago, which contains the greatest collection of Islamic buildings in the world.

The programme proposed area conservation which would have revitalised whole neighbourhoods as well as conserving ancient buildings. Islamic Cairo was added to the World Heritage list.

That plan has now been shelved as impractical by the Egyptian Antiquities Organisation. Instead, individual buildings are being restored. Masons and builders are at work and for the first time almost as much is being spent on the Islamic as on the Pharaonic sector.

However, there is much concern that this solution is no more than cosmetic, and ignores the underlying problems, particularly the floating water table that penetrates buildings and leaves corrosive salts to add to the rot and decay.

So far the Egyptian authorities have made no appeal to the international community, but conservationists within the Islamic world and abroad, are watching anxiously.

BETTER

A pinch of salt

Sir Peter Fraenkel's article (Third World Review, April 12) gave some pleasant news of groundwater being used to overcome some of the hardships of the residents of an arid part of Africa, but his enthusiasm for the almost adroit irrigation of windpump driven water is tempered, for two reasons.

First, in semi-arid and arid regions recharge of groundwater is usually limited or non-existent. It may therefore be, in part, a non-renewable resource.

The second point relates to water quality. Groundwater is usually free of disease-producing bacteria and other organisms, which makes it an ideal source for drinking water in Third World countries. However, it invariably contains dissolved mineral salts; when groundwater is applied to the soil surface, evaporation removes water and leaves the salts behind.

Over a few years the build-up of these salts can destroy the fertility of the soil, occlude the pores of the soil, and the salts from the soil and carry them down to the water table, thereby increasing the salinity of the groundwater so that, on the next cycle the situation worsens.

It may be that at Kaikar there are adequate reserves of groundwater with a low dissolved solids content, so that neither of these factors is a danger, but it would be unwise to advocate the widespread adoption of "accidental irrigation" without checking carefully on local conditions.

Michael Price, Engineering Geology and Reservoir Rock Properties Research Group, British Geological Survey, Keyworth, Nottingham.

NORTH/SOUTH

The thought policemen

IN THE Third world, as well as the First, there are institutions — too numerous to list — which are sometimes caricatures of the law and order agency they presume to be. A few caricatures the regime they presume to oppose. One of the few is apparently Taiwan where, at a meeting not so long ago in the Officers' Club, the business was how to suppress "the current rampant flood of illegal opinion."

Minutes of the meeting, attended by the island's top policemen and army leaders, and one culture supremo appear in the next (May) issue of Index on Censorship, with accompanying notes — verging on the incredulous — from James Seymour, a research scholar at the East Asian Institute of Columbia University, New York.

Two magazines which tried to publish the leaked minutes, Fa-Yang and Dongbei Feng, were banned. They make intriguing reading.

The mind boggles on the unanimity of opinion on the thought of those present. "The methods raised by Garrison Command headquarters," says General Hsu Li-nung, Office of the Political Warfare Office, "will achieve the aim of eliminating cultural pollution."

"Strict control and confiscation," says Ho En-ling of the National Security Bureau, "must be thoroughly carried out."

No-one, it seems, dissents. The chairman, General Chen, C-in-C of the Taiwan Garrison Command, closes with the ritual thanks and urges his fellows to keep up the fight against "the enemy's conspiracy to wage intellectual warfare."

For those present who might forget their brief, and

for students of censorship everywhere (at least 177 cases in Taiwan last year), Index has performed a service.

Battles of Algiers

WOMEN in Algeria wear white lace-edged veils over their noses, walk behind their husbands in public, and submit to their mothers-in-law in private. Women locked in their flats all day by their husbands shout to neighbours on balconies above or below in the great blocks of white-washed flats in central Algiers.

These closed female worlds are all the more striking to the outsider who also sees the other face of Algerian women — the glamorous, tough lawyers, doctors, and actresses who have broken from traditional patterns.

Ali Ghalem, an Algerian film maker, has written an extraordinarily vivid and touching novel of the secret world of women within the extended families who fight off the modern world. The central character of *A Wife for My Son* (Zed Press) is young Fatima, who withers away with unhappiness after her traditional marriage to a stranger, Hocine, an alienated young man working in such miserable conditions in France that he cannot take her with him.

Ghalem brings the noisy emotional family to life, its warmth and tortuous cross currents swirling round the unhappy girl as she refuses to adjust. But a threatened marriage and a spell in a female hospital ward revive Fatima to the cheerful independence she was before, basking in the warmth of female friendship so that she leaves the stifling family.

Victoria Brittain, Third World Review editor.

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The Bill Britain needs to reclaim parliament's hi-jacked powers

Tony Benn

MY ARGUMENT is a simple one: the House of Commons is now far too weak to do the job for which it was elected. It needs to be strengthened in its relation to the Executive by the passage of a new Reform Bill.

After nearly 35 years as an MP, and 11 years as a minister, my abiding impression is of the growing powerlessness of the House of Commons over key decisions. Political power is everywhere becoming more centralised, internationalised, authoritarian and secretive. The House of Commons is in real danger of becoming a decorative part of our constitution.

Some of the reasons for this stem from the unfinished business of 1832, 1868, 1911. Others derive from the more recent encroachments of the Executive and its wide spread abuse of the prerogative and of patronage. But perhaps the most important erosion of parliamentary democracy has come about as a result of the way in which Britain's relations with the United States and

the European Community have been allowed to develop.

One reason for the decline of the power of the Commons lies in the massive power of the prime minister, other ministers and civil servants, to use — and abuse — crown prerogatives to govern us without having to seek parliamentary authority.

These powers include the massive powers of patronage which allow the Prime Minister to appoint ministers, bishops, judges, ambassadors, permanent secretaries, the chiefs of staff and of the security services, the chairman of the BBC and IBA and the nationalised industries; and also even to create Members of Parliament who sit in the House of Lords. At a lower scale, thousands and thousands of appointments are made to other public bodies, including quangos and health authorities.

In addition, the government can make war or peace, recognise foreign governments, sign treaties or ratify them, and issue Orders-in-Council on a whole range of matters — by the use of the same prerogative.

No other democracy entrusts such powers to the Executive, and neither should we.

Another source of weakness derives from the way in which Parliament chose to surrender its ancient legislative supremacy to the institutions of the European Communities, under the 1972 Act. If any Act of our Parliament, even though it has been passed by both Houses, and has received the Royal Assent, is found to conflict with Community law made by the Brussels Commission or any rulings of the Community court, our legislation is null and void. British judges are both required and empowered, to enforce Community law, in British courts, and to rule that our own laws, even when passed by an elected House of Commons, are unlawful if they do so conflict.

An even more serious example of the impotence of the House of Commons is to be found in the arrangements under which foreign troops are based in Britain. There are said to be about 30,000 American soldiers in this country, situated in around 100 bases, and armed

with a formidable array of nuclear weapons.

The President of the United States is commander-in-chief of all US armed forces. His Presidential oath precludes him from subordinating his powers or responsibilities over those forces, by any form of joint decision-making with any other government.

Contrast that with the safeguards against the danger of a standing army in Britain that we have insisted upon ever since 1688, under which the entire disciplinary code of our own armed forces actually expires, each year, unless the House of Commons explicitly renews it by passing the Army and Air Force annual order.

In the case of British forces, the Commons has real power: in the case of the Americans it has no power, no knowledge, and no control of the use that might be made of those forces in peace or war.

The problem does not end there, for the House of Commons is only one of two Houses. The other has no democratic mandate at all, the House of Lords is entirely composed of those who have inherited their seats as

a result of some patronage conferred upon an ancestor, or who have been the recipients of the same patronage — favourites of the real monarch who resides at No. 10 Downing Street. This week that same House, elected by nobody, and answerable to nobody, had the effrontery to deprive the people of London of their democratic right to have an elected council to govern their own city.

The only comfort that can be drawn from that event is the certainty that by that act the peers signed their own death warrant. For the powers of the House of Lords in terms of delay and obstruction, and its unfettered veto over statutory instruments and any legislation designed to abolish it, would pose a serious threat to any government to which it was opposed.

There is one other aspect of our present constitution that merits attention: the supposed political impartiality of the judiciary, and its alleged separation from the influence of the executive. Last Monday I went as an observer to witness two so-called supergrass trials in

Belfast, one involving Loyalists and the other Republicans.

The prisoners were held in custody, under the control of the Executive, headed by the Secretary of State for Northern Ireland. The judges had, of course, been appointed by the Lord Chancellor at his political discretion. The Attorney General had used his political discretion to decree that there would be no jury; thus leaving a single judge to reach his own verdict and pass whatever sentence he thought fit.

These mass trials — show trials they are — are taking place in the name of Parliamentary democracy. Yet if the House of Commons were to seek to debate this matter it would be told that it cannot interfere, lest the independence of the judiciary and the legal system might be compromised.

To complete this picture of Parliamentary impotence, we have the Official Secrets Act under which Sarah Fildes and Clive Ponting were both recently prosecuted. But it is not only civil servants who are affected, for the Act also draws the line between those MPs who are ministers and those who are not, leaving

all opposition members and all government backbenchers in a statutory ignorance of what is going on.

What we have in Britain is a structure of power that many dictators would envy. The present situation constitutes a denial of some of the most important democratic rights of the electors.

There is an urgent need to bring these abuses to the attention of the public and to seek remedies which will correct them. We shall need a new Reform Bill to do it. Such a Bill would have to establish or re-establish the power of the Commons over all executive power, including prerogative and patronage powers, and extend to cover foreign and defence policy.

It would involve the repatriation of the powers of Parliament, now ceded to the Brussels Commission, in much the same way as the Canadians repatriated their Constitution from this Parliament a few years ago.

It would require the ending of the Lords, perhaps by using the very same words as are in the GLC abolition Bill, for which the Lords voted on second reading:

namely that the House of Lords "shall cease to exist". And the delaying power, now exercised by the Lords, should be transferred to the electorate by shortening the maximum life of a Parliament to four years, from the present five.

It would also have to mean the ending of the Official Secrets Act, and its replacement by legislation that only protected genuine secrets, essential to the survival of the state, and the rights to privacy of individuals.

We are living through a time of great domestic upheaval and international tension. People are entitled to look to those whom they have elected to this place to do whatever we can to resolve these problems, and to see to it that we take the power necessary for that purpose. I am a Parliamentarian who believes that the ballot box, debate and debate are better than the bomb for settling differences, at home or abroad. A weak or impotent House of Commons is a threat not only to democracy but to peace and good government.

Tony Benn is Labour MP for Chesterfield.

THE HEADS of the world's seven richest nations are meeting in Bonn. They do so at a time when most of the world remains in deep economic crisis when millions are starving, when many countries are crushed by international debt and when the sluggish industrial economies of Europe still contain 20 million unemployed people.

The Summit Seven with their massive combined economic power should be bringing their plans for rescue and recovery to Bonn. But they won't. This summit will be yet another cocktail party for the complacent to follow those at Versailles, Williamsburg and London.

This year that smug stoniness will be even less tolerable than usual.

The stimulus given to the world economy by the huge deficit in the US economy is tailing off. The reduction in that deficit will withdraw the main propellant of the modest recovery that has taken place. If the industrialised European economies, including Britain, do not take up where the USA leaves off and accelerate growth by expanding budgets there will be another recession into deeper slump.

The Labour movement has been asking the British and other governments to face that fact for years. Now, at last, people like US Secretary of State Schultz, Federal Reserve Board chairman Volcker and Japanese Prime Minister Nakasone are facing it. Schultz wants the Japanese to spend their money at home buying imports and improving their infrastructure in order to take the rising sun heat off the American economy.

Nakasone rightly alarmed by the protectionist drums being banged by US politicians and industrialists, echoes Schultz's warning, while, publicly and emphatically, advising relaxation of European budgets to boost growth on this side of the Atlantic.

Nigel Lawson does not, of course, hold such views. He refuses to acknowledge that



much of the stumbling recovery in the British economy is a by-product of the American expansion and insists that the paralysis policies which he follows are the course to redemption. It is Lawson's special patent mixture of deceit and conceit. He dismisses the very policies which have at least delayed our economy and simply repeats his call for deregulation, privatisation, reducing the burden of the State, enlarging the role of the market, reducing the power of trade unions and (creating) a climate in which businessmen are prepared to take risks and workers price themselves into jobs.

It is a roulette strategy at the very time that this economy and the world needs planned and prudent use of resources. In addition it is self-defeating. The very policies which the Chancellor favours generate high unemployment. They consequently increase both the costs of the State by billions of pounds and dependence on the State by millions of people who would much prefer the independence which goes with having a job.

Bashing unions and cutting the pay of the lowest paid is simply no replacement for



increasing the budget for investment, construction, training and research. It simply means a low tech, low productivity economy in a high tech, cut-throat competition world.

In Bonn the disagreement between those who argue for wider expansion and those who are set upon the "steady as she sinks" course will produce stalemate. The European governments, led — if that is the word — by Britain will resist inflation.

NEIL KINNOCK

A moveable feast for the world's rich



The party goes on in Bonn? Cancun 1981 (top left); Tokyo 1979 (top right); London 1984 (above)

The dollar will stay high. The US will continue to swallow world funds.

The interest rates in other industrial economies will be kept up in an attempt to staunch their capital outflows and stagnation or something near it will continue in these economies, whilst huge debt repayment obligations strangle the poor countries.

The prospect is terrible. But if there is no sudden change in minds and hearts

in Bonn the miserable shambles of unemployment and poverty, waste and instability will go on.

Faced with that the Summit powers should focus on: The reform of the international finance system to promote world trade and encourage exchange rate stability.

Coordinated expansion — especially amongst the industrial countries — through the stimulus of government spending with



a heavy emphasis on investment; increased aid to Third World projects, the rescheduling and — in some cases — the cancellation of debts of the poorest countries and a system for stabilising raw material prices to produce tolerable dwellings were under 600,000.

The quotas of the International Monetary Fund were worth one sixth of the value of world trade when the system was established in 1946. Those quotas are worth one twentieth of world trade now and the IMF has been reduced from being an institution capable of promoting international development to a cross between financial last ditcher and debt collector held to American monetary and political convenience. It is essential that today's leaders change that system and restore the original purpose and potential of the IMF and its agencies.

If, by way of international reform, they merely settle in Bonn for some slight adjustments in the General Agreement on Tariffs and Trade they will have dodged their responsibilities on a planetary scale. Unless they make changes that will systematically stimulate demand and employment than the formal and informal trade

barriers, the gyrations in exchange rates and the slow-down in the US economy will further depress all sales and all countries as the world goes on suffering the chaos of financial floods and droughts and commodity surpluses and shortages.

The most pitiful victims of the cowardice and conservatism of the rich are, of course, the poor. This time last year Mrs Thatcher was proving her unequalled ability to add plous insult to poisonous injury by telling the debt-ridden starving nations that "it is no earthly good helping a person to go on in the same way that has led them into trouble. You have to be prepared to help them if they will pursue policies which will get them out of trouble."

This week we can expect similar advice to the shoeless to pull themselves up by their bootstraps. It is certainly in keeping with the government's record of a 17 per cent cut back in aid programmes in the last five years. It combines brutality with banality, for the reduction in support to the poor not only compounds their tragedy, it also deepens our slump.

As the poor have to use any earnings to repay financiers, so they cannot strengthen their own economies or buy the produce of the industrial countries. Poverty begets poverty, slump begets slump. Only the collective power of the richest governments can really change those conditions. Commercial institutions have neither the means nor the will to act on the scale or at the pace which is needed and their commitment is, in any case, to the beggar-neighbour market system which produces the distortions, instability and injustice of the world economy.

Morality and clinical self-interest should shove the leaders of the richest democracies into the alternative direction of co-ordinated better neighbour policies. It truly is the only way to better themselves.

Neil Kinnock is Leader of the Opposition and Labour MP for Islington.

Why growth is the key to defending the undefended

Peter Walker

IAIN Macleod believed that the search for equality was the seeking of opportunity. He said that all men had an equal chance to make themselves unequal. He recognised in the best traditions of our party that one of the purposes of a successful economy was not just to reward the successful but to give a decent and tolerable standard of living to those who were handicapped, the elderly, the not so bright, to create a society free from divisiveness.

The most fundamental of all mutual obligations is the obligation to guarantee to even the humblest the means to live and enjoy a decent life. In an ethical postulate inherent in the very fact of society.

Iain Macleod once said: "The Tory Party is and must always remain the natural spokesman for those who are undefended." The keynote approach must be individual freedom, but recognising that real individual freedom comes when all of our people are in a position to take advantage of it.

Freedom under the law is not enough. We must seek far wider freedoms. Freedom to participate in industrial decisions which affect our lives; freedom to take advantage of educational opportunities. The unfettered partial economy is only a device to keep the market view of freedom as economy and providing the consumers mechanism is working. It gives consumers an wider freedom of choice, an important and essential advantage. But people are more than just consumers. They are workers, householders, students.

We should, when thinking

of the future we wish to create, include the freedom from humiliation and the restraints of poverty, freedom from unfair discrimination, freedom from the debilitating effects of slum housing. We need to have a concern for the quality of life so that progress is measured not just in GNP or motorcars but new parks, leisure centres, artistic endeavour, the joy of living.

To achieve all of this we need to create a new commercial greatness. To do this we must seek a free enterprise economy which recognises the reality of world trade, that seeks industrial and commercial growth and endeavours to see that all of those who work in our commercial activities feel a sense of participation in both the decisions and in the rewards.

Nationalisation has failed to achieve that objective. My own days in politics were at a time when a Labour government, with a vast majority, genuinely thought that nationalisation would bring a new Utopia to the working classes. But in reality it has done nothing to emancipate the working classes.

It is only economic growth that will create job opportunities, pay for rising living standards and enable us to tackle our social problems. We must not stifle our economic recovery with uninspired expectations about our economic growth. The consequence of sustained low growth would be grave: higher taxation and an inability to look after those in need. We must find the dynamism to kick the economy into a higher growth gear. Our industry must be persuaded to invest their cash mountains and the multi-nationals must be persuaded that Britain is the country in which investment should be made, for those wishing to take full advantage of the

opportunities within the European Community. If we are to achieve sustained growth there are a number of fundamental problems that must be tackled.

Since the collapse of Bretton Woods's system of fixed but periodically adjustable parties, exchange rate instability has been greater than in any other period of recorded history. A free enterprise system will not be able to survive in such a climate. Private major companies are no longer a reflection upon their efficiency and managerial skills but are a reflection upon movements in the exchange rate.

Exchange rates, in turn, are dictated by those manipulating substantial volumes of currency at the margins of the total market. If the Western world allows the system to continue massive managerial resources will be involved in exchange rate hedging and organising matching obligations. The economic effect will be to fragment production and reshape the relationship between pay and investment and productivity. An inflationary wage round, unlinked with productivity, would do immense damage to Britain's economic opportunity. It is the duty of our major industries to illustrate to the trade union movement the linkage between high investment and sensible pay settlements.

Nor is it asking trade unions to make any sacrifice. A study of post-war wage attitudes of trade unions will show that the period in which their members enjoyed not only full employment but fast rising standards of living was that long

period when, under moderate trade union leadership, there was a far closer association between productivity and wage increases. It was only when a number of our biggest unions were taken over by more militant leadership that we entered the phase of the massive wage claim, steep inflation, the loss of jobs and the falling of living standards.

Another major problem with which we have grappled and succeeded is the restoration of an era in which the words "British made" equate with a high level of quality. Jaguar cars is a perfect example of where this has been achieved.

Trade has increasingly taken on the features of a product life cycle with new innovations and technologies developed in the advanced countries rapidly becoming commodities produced in the newly industrialised countries. Britain has, to an increasing and disturbing degree, been left out of this process.

Over the next 15 years certain technologies will almost certainly transform the nature of production in most industries. Information technologies will increasingly transform the nature of many products and their mode of production. New materials will develop to replace the steels, plastics and textiles currently in use and new glues and bonding processes will transform fabrication. Biotechnologies may radically change the nature of chemical production.

Japan has been tremendously successful in identifying the changes in technologies that have recently occurred and in promoting an environment which is favourable to their rapid adoption. The government needs to learn from the Japanese that it has an important role in steering the development of priorities, in

providing a safety net for those affected by change, and in improving the educational and training sources available.

For our free enterprise system to be successful we must have a capital owning democracy. This was one of the major pursuits of Iain Macleod. We must eradicate the system where one third of our nation are the permanent tenants of the State, we must have a nation where every citizen owns their own home.

The British Telecom sale achieved a mass of our population becoming shareholders for the first time. We must look upon that as the start of a major thrust forward in the ownership of the State, we must have a nation where every citizen owns their own home.

A substantial reduction in unemployment can and must be achieved. It is worth studying the experience of the Thirties.

Between 1931-37 unemployment was halved falling from 22.1 per cent to 10.8 per cent. The number out of work was reduced by 1.3 million in those years. Moreover during that period the working population increased by one million, hence 2.3 million jobs were created. This in my view shows that substantial falls in unemployment can take place over five or six years. Part of the fall in the Thirties was due to rearmament but that was only in the latter years and would have contributed less than one third of what was achieved. Substantial improvements were made by the massive advance in house building. New housing completions rose from 214,000 to 364,000.

Surely the Conservative Party can look at the potential of improving our housing stock and provide moti-

vation for workers to improve their productivity and create a better environment and standard of living for many of our families.

The most recent general survey of the condition of the housing stock in Britain showed some 1.1 million dwellings were unfit. 600,000 lacked basic amenities and one million required repairs costing more than £7,000. A third of our present housing stock was built before 1914. Over the last 15 years there has been a remarkable change in the balance of world markets. Europe has declined from a 39 per cent share of world trade in 1970 to 32 per cent today. World trade for Asia has been growing nearly twice as fast as world trade as a whole and is now approaching 16 per cent.

The nine main countries of the Pacific basin have had growth rates averaging well over 6 per cent per annum. Yet it is in this growth area that the average rate of growth of British exports has fallen far behind that of our competitors.

If patterns over the past 15 years are not reversed and we do not show more clout in our trading, the countries like Vietnam, Thailand and Taiwan will overtake us in terms of GDP per head long before the end of this century.

We must fully exploit our unique position as the most energy-orientated country in the European Community. Britain alone of major manufacturing countries is a net exporter of energy. The vast exploration of the North Sea has decades of progress and investment yet to come. Our technical skills in off-shore technology present an international market of gigantic proportions.

Our skills in the sphere of coal-mining machinery are

going to be required upon a world-wide basis and we have reserves of coal at home that can give an immense strength to our balance of payments. In gas and electricity distribution we are one of the world's leaders. In the nuclear sphere we have both a safety record and a scientific reputation as high as in any nation.

For those of us with a deep desire for faster growth, the European Community must present us with the most fundamental opportunity. With Spain and Portugal joining the Community, the European community will have a population 40 per cent higher than that of the United States, but, alas, a gross domestic product 15 per cent lower. There can be no reason why Europe cannot catch up and surpass the performance of North America.

To date the development of the Community has been a story of unfulfilled promise. We must now all set about the task of making it the largest and most successful economic block in the world.

It may be that we are at a watershed in history where the baton will be passed from the United States or, at least, shared by the United States with Europe as the greatest influence in the Western world.

It is my belief that the Conservative Party can create a nation more enterprising and effective. It can, through its economic success, eradicate the poverty and hardship that still exists both at home and abroad. It can make this nation admired for its success instead of ridiculed for its failure.

Peter Walker, Conservative MP for Worcester, is Secretary of State for Energy. His article is an edited text of his Iain Macleod lecture, given last night to the Cam bridge Union.

In-House Briefing

TWO great issues which split the Tory Party at the turn of the century — beer and free trade — are on the agenda next week in the Commons.

The tricky decision by the Trade and Industry Secretary, Mr Norman Tebbit, whether to renew the Multi-Fibre Agreement is likely to generate cross-party controversy on Thursday.

Professor Aubrey Silverstone advised the Department in December that the MFA, intended as a temporary measure in the Wilson-Heath era, is again a consumer interests because it keeps the price of imported textiles artificially high.

But protectionists ranging from the Labour party to Mr Nicholas Winterton, the Conservative MP for Macleod, want the Multi-Fibre Agreement to be renegotiated.

In the middle, the traditional party of free traders, the Liberals who were joined by Winston Churchill on this issue, also have the delicate decision to make about their attitude towards protectionism through the MFA.

THE Tory Party is likely to take up its traditional stance by supporting the brewers with a ten minute rule Bill on Wednesday introduced by Tory MP Roger Gale to permit longer opening hours.

As ever, ranged against them will be the Methodists and their supporters, probably in the Labour and Liberal Parties in particular. While Mr Gale's private bill, coming so late in the session, is unlikely to reach the Statute Book, it will be a taster of opinion in the Commons for promised legislation on this and Sunday trading.

Colin Brown

CHRISTOPHER BOOKER

on the state of cricket:
 "For the first time in the history of the game, if there was a World XI picked to play Mars, it is highly dubious whether any Englishman or Australian would deserve a place... In fact there is a good argument that the best current World XI might all be West Indians, since it seems generally accepted that Clive Lloyd's side of last year, so strong in all departments, ranks among the two or three greatest teams ever to play."

GAVIN STAMP

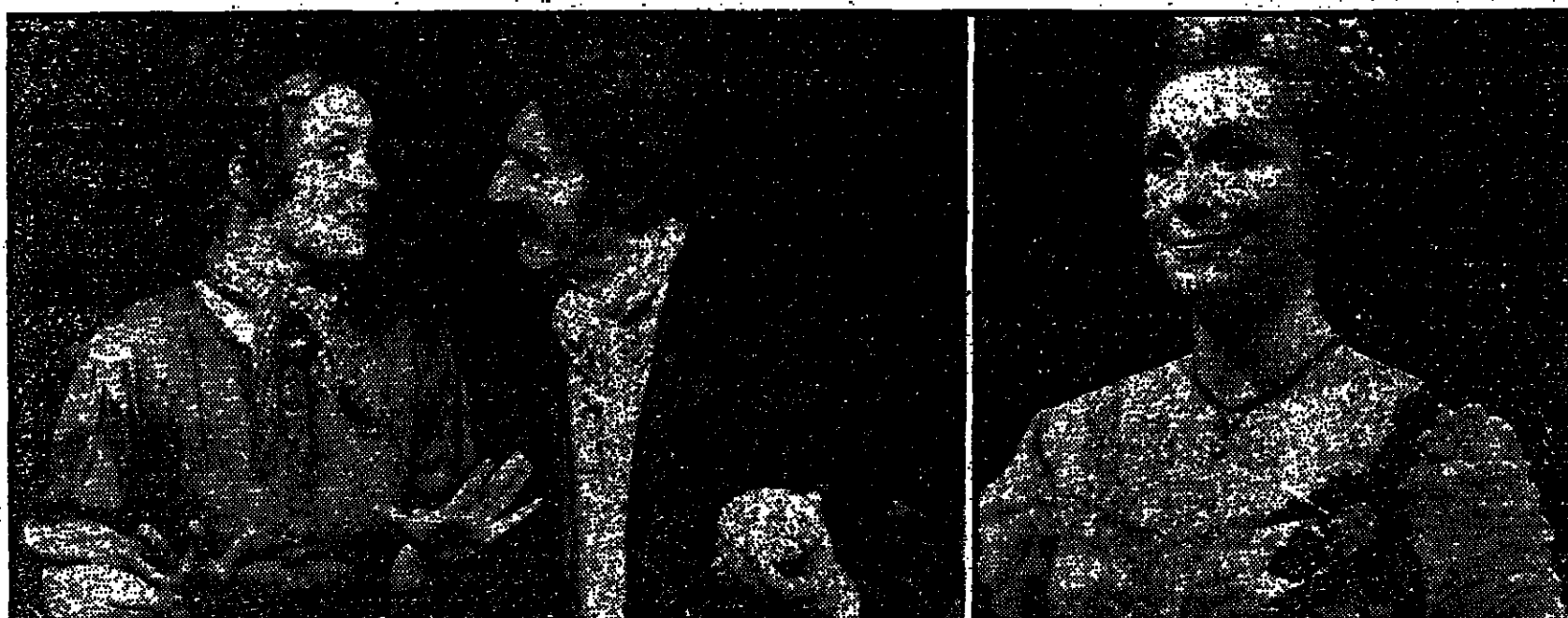
on Mansion House Square:
 "If the Government can endorse a scheme which will replace a network of City streets by a barren open space and a 19-storey tower designed by the late Miles van der Robe, the 99-year-old German modernist, then clearly it is minded to give planning permission to almost anything."

DUNCAN FALLOWELL

on sex:
 "The corruption of innocence, morally reprehensible in our society, is nonetheless a most necessary task if life is to continue..."

IN THIS WEEK'S SPECTATOR

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 GRAHAM GREENE



PIES GALORE: Gillian Hanna and Leon Greene in *Sweeney Todd* and (right) Joanna McCullum as Jane Marryot in *Cavalcade*. Pictures by Douglas Jeffery

Nicholas de Jongh reviews *Sweeney Todd* at the New Half Moon and Michael Billington reviews *Cavalcade* at Chichester

Carving up old England

THEY CALL Stephen Sondheim's musical a melodrama or thriller. But his demon barber of Fleet Street, whose late Victorian victims end up as meat pies, with blood and unspeakable portions clogging the sewers, is no more extreme than our recent mass murderer of north London, Dennis Nilsen.

And Christopher Bond's revival of *Sweeney*, with his own original adaptation of the story, is right to take the moral force and fury of the narrative as seriously as Sondheim takes and makes his music.

At the New Half Moon, which emerges rough and unready as a fan-shaped auditorium and a small triangular stage within a square interior, the revival is a sombre, passionate rendition of Victorian low life.

Eileen Cairns's design has cut-out facades of doorways, cat-walks and windows, a central platform for Sweeney's slaughter shop,

and a ground level with sliding doors which lead to the glowing fires—where humans fry.

But Bond, having cast most of the production in future, half light, hardly ever allows the production merely to enter into the straits of ghouliness and hollow laughter. He shows a city and people individually obsessed, with any sense of justice gone missing.

Sweeney, who seeks vengeance for the judge's abduction of wife and daughter after 15 years' hard labour, is, in Leon Greene's thrilling performance, a man reduced to a single longing.

But there is no prevailing consistency of tone. Although Bernard Martin's Judge and Andrew Schofield's Tobias, who goes white-haired and mad in the sewers, contribute to the musical's chilling

ambience, Gillian Hanna's Mrs. Lovett goes over the top within the first five minutes. Yet Sondheim's music, played by a band of five on

instruments ranging from flugelhorn to soprano saxophone, beautifully matches and complements text and action.

Nicholas de Jongh

NOEL COWARD'S *Cavalcade*, which launches the Chichester Festival season in spectacular style, is a 1931 Drury Lane pageant-play that has had influence disproportionate to its quality.

It prefigures formally *Upstairs Downstairs*, *Forty Years On*, *Oh! What a Lovely War*, *The Hired Man*, and many more. The odd thing is that it is a seminal English play despite the fact that few people have seen it and that the writing rarely shows Coward at his best.

What it does have is a consistent vision of England: basically a wistful lament for the crash-up of the old order and a disquiet both for private hedonism and social progress.

Starting at the dawn of

the century and ending in 1930, it interweaves massive public events with the private lives of the Marryots and the Bridges.

The former are an upper crust family who lose their male offspring to the Titanic and the trenches; the latter are their downstairs servants who break free to run a London pub.

Coward shows the breakdown of the class structure through the affair between the stiff-lipped Joe Marryot and the showgirl Fanny Bridges; and his vision of a disintegrating England is compounded by his climactic song, *Twentieth Century Blues*, with its image of "chaos and confusion".

Coward was entitled to his conservative views: the problem is the dramatic scenes are little more than sketches between the spectacular numbers (even the famous honeymoon scene aboard the Titanic now seems replete with heavy prophetic irony).

What you cannot deny is Coward's instinct for theatrical effect and how David Gilmore's fine production not merely rises to the occasion but actually improves upon it.

The one thing I find odd is his rearrangement of Coward's climax. *Twentieth Century Blues* and a vision of Jazz Age chaos, pierced by the National Anthem.

That aside, the evening is a triumph of style over content. Although there is little scope for individual acting, Joanna McCullum as the insufferable, patronising Mrs. Marryot, Lewis Flander as her decent

husband, and Shirley Stelfox as a doom-laden proletarian make their mark.

Roger Glossop's designs and Colin Sell's musical direction, with its poignant use of brass bands, also make vital contributions.

Michael Billington

These reviews appeared in later editions yesterday.

End of a dynasty

Hugh Canning pays tribute to Bridget d'Oyly Carte who died yesterday

THE DEATH OF Dame Bridget d'Oyly Carte yesterday at her Buckinghamshire home aged 77 brings to an end the dynasty of theatrical impresarios and hoteliers whose name became inextricably linked with those of W S Gilbert and Sir Arthur Sullivan and their "Savoy" operas.

Her grandfather Richard founded D'Oyly Carte Opera Company—then known as the Comedy Opera Company—in 1871 following the success of the first Gilbert and Sullivan collaboration, the one-act *Trial by Jury*, the previous year.

Over the succeeding seventeen years he guided the often thorny relationship between the composer and his

librettist, acting as go-between toward the creation of eleven operettas. Five have become immortal international favourites, establishing a core repertoire for the opera company.

Dame Bridget entered the family business in 1935 as assistant to her father Rupert and assumed complete control over the opera company when he died in 1948. Though in later years she improved herself increasingly with the running of the Savoy, taking a leading role in the interior decoration of the building and the active trustee and made a point of never missing D'Oyly Carte first

nights in New York, where the company's following was, if anything, stronger than in London.

D'Oyly Carte performances survived on the company directors' business acumen for over 100 years, but towards the end of the sixties, the costs of maintaining the ensemble at full strength led them to approach the Arts Council for a small contribution towards running costs.

Dame Bridget, who was highly critical of the Council's negative response and the Arts Council's refusal to meet the company's needs, recalled a promised £100,000 to this when the company really was in trouble.

Dame Bridget was created a Dame in 1977.

Nancy Banks-Smith observes the great Balkan belly-laugh

Tickled pink in Bulgaria

WE ALL know the Great Bulgarian Joke. It'll kill you.

A certain sensitivity on this subject may explain why the statue of Charlie Chaplin, unveiled during their biennial Festival of Humour and Satire, though well supplied with bolts and bowler hats, had no umbrellas.

Laughter in Gabrovo (Bulgaria) sounds a thigh-slapper but it's there is one sure thing about humour—and there is not—it is that there is no sure thing. After 40 minutes I would have welcomed death.

Bulgars, to the undisguised surprise of non-Bulgars, rather plume themselves on their sense of humour and in all Bulgaria the exact place is Gabrovo with its House of Humour and Satire.

"Eighty people work in the House of Humour," explained Galina, our bright-eyed and bushy-tailed guide. "First of all we laugh, and then we collect and translate jokes, research the comic, the satirical and the various arts and genres of humour and satire." Forward-looking features will be a hall of

laughter incorporating the laughs of famous people and a medical centre for the treatment of the sick by laughter. "Doctor, doctor, I think I'm a pair of curtains." "Pull yourself together!"

The effect of all this on people who are funny for money was curious. It seemed to make them thirsty. Larry, a French cartoonist, went on strike until they gave him a beer and Ted and Ted, from America's National Lampoon, took root in the restaurant where they worked up a double act of impenetrable gloom like Titus and Roulous.

Perhaps a soupçon of Bulgarian humour to explain what drove them to drink? Mr. Prodanov, a well known wag on the Bulgarian TV, read one of his own jokes in Bulgarian. "Ha, ha, ha," laughed Galina. Such a nice girl. "The Gabrovian," she translated, "was asked how he reared his children to get up early. 'Well,' smiled the Gabrovian, 'I have five sons and I have only one pair of shoes between them. The first to get up will be the first one to put them on.'"

Ted and Ted, who by now seemed to have lost their sense of humour, were winkled out of the restaurant to meet the head of Meritment. "We've enjoyed ourselves so much," said Ted sadly. "We wonder if you wash him in Daz."

If we could possibly stay on another five or six months.

"Five or six months," echoed Ted hollowly. "As guests," he added wickedly. Gabrovians are notoriously thrifty. This is the basis of their great Gabrovian joke about getting the tails of their cats so they won't hold the door open so long in winter. The Head of Meritment went very quiet as if they had asked for the loan of 50 spunkin' ell Tuesday.

STONEWALLING

Ray Honeyford

An Asian boy at the Bradford School where the headmaster, Ray Honeyford, has been suspended for alleged racist views, was describing his hobby of pigeon-keeping to the other children. "There are five things you can feed them and not make them sick—corn, wheat, breadcrumbs, chapatti and grit."

This TV Eye (Thames) could have been called Chapatti and Grit. The unique value of a TV report is that you get the feel of the people. It was perfectly clear—all other issues apart—that it is not practicable for Mr Honeyford to continue as head of this particular school. He is not short of Yorkshire grit. In one of the articles which have caused all the trouble, he described a parent as "A half-educated and volatile Sikh." If I were looking around for someone to insult, it would not be a Sikh.

Like a stonewall batsman Mr Honeyford confronts ferocious fast bowling. "Is there anything on reflection you would withdraw or apologise for?" "No, certainly not. I'm not running a school in Decosa or Islamabad. It is an English school in an English city."

The only hint of humour, English or otherwise, came from an Asian parent: "His mind cannot be changed if you wash him in Daz."

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SOUTHAMPTON
Alastair Macaulay

Ballet
Rambert

TAUT, electric, urgent, Dangerous Liaisons, a new work for six dancers, is recognisably by Richard Alston. Ballet Rambert's resident choreographer—and yet like nothing else he has made. At once it belongs up there with his finest.

The whole nature of Alston's movement phrases—in which dancers accentuate the vertical balance, then, in falling away from it, acquire a horizontal impetus like a wave breaking, and then scoop up into the vertical emphasis again—thus becomes charged with tension and peril. How oddly and rightly this matches Simon Waters' electronic score, made from twangs, ticks, clangs and boings.

Alston's musicality is uncanny. Taking this apparent non-music, he shows its rhythms, pressures and textures—shows it as music, in fact. And all so concentrated.

The work's expressive force is thrilling, the variety of its incidents startling. Threesomes meet in classical tableaux as if in quest for unity, in need of collectedness, only to be shattered by the forces of the dance. And yet these dancers aren't passive, they are themselves the forces of constant mutation.

There are countless echoes of older classical traditions from *Blasie to Cunningham*. But they're old pieces in a new mosaic. Although the scene is fraught and confused, the piece is not about anarchy or disintegration. In an image that's repeated its powerful deep twangs in the score, all six dancers arrive in unison fifth position, plunging together into this vertical pose, suddenly becoming sentries out of the disorder.

The work's urgency of

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noise and dance seem not chaotic but—against the encompassing forces of silence—order and emptiness—wonderful. As Alston's dancers stretch themselves into those upward-facing and backbent poses that will in a moment be lost again, they seem heroic. And in this transcendent universe, the workings of humanity seem urgently civilised.

TAUNTON

Allen Saddler

Deadlock

DEADLOCK is an adaptation, by Leslie Sands, of Zola's novel, *Thérèse Raquin*. It is a melodramatic tale of sexual passion driving lovers into murder. The murder, on its own, taking over from reason, but little of this powerful theme comes through in this production from the newly formed touring Lyceum productions.

It may well be that real life melodrama leaves the participants stunned, with only small change conversation to cover depth of feeling. But the exchanges need to be understood, with emotion. This set of characters rarely rose above sullen despair.

The opening scenes did not establish the idea of sheer animal attraction being strong enough to risk the necks of the two lovers.

Hildegard Neil's embraces were hardly unrestrained and Jack Carr's wooing was equally casual. They improved when, racked with guilt and remorse, they bickered in bitter recriminations; but even this scene only had the force of a domestic quarrel.

Hazel Douglas fared little better in the plum part of the mother of the murdered man, who is robbed of speech and movement on overhearing the truth. The actors seemed to be treading treacle in a play where full-blooded acting might have brought on a fit of these giggles.

On the other hand realism is hardly enough for just a grim moral tale.

Nicholas Smith, put in an appearance as the ex-policeman, who smells a rat, but even his solid presence could not prevent the play sinking slowly, drowning all aboard.

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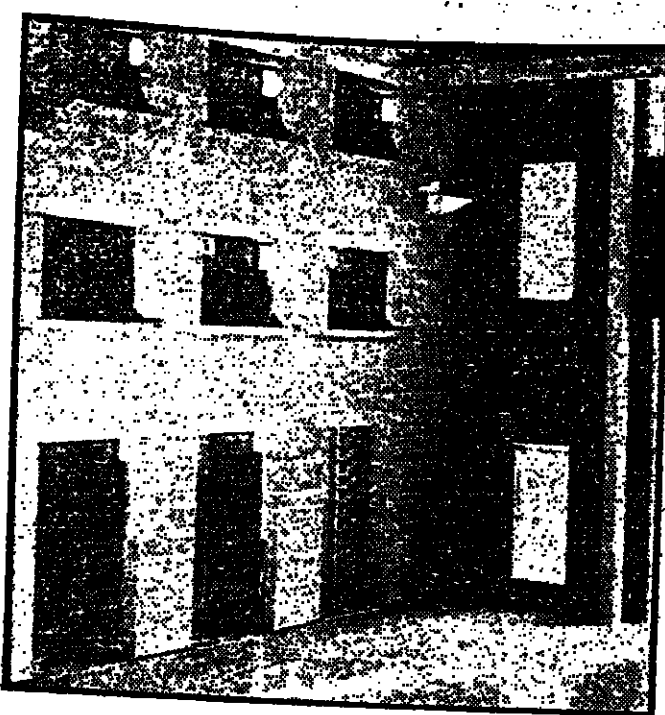
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Street corner of the New Half Moon Theatre, left: Diana Manners (Duff-Cooper) as the Virgin, above and pony races at a Theatre Royal-cum-Hippodrome in the 18th century.

Tom Sutcliffe reflects on the shape of things to come in theatre design

Old miracles of the space-age auditorium

WHAT is the best shape for a theatre? Is there any such ideal? The argument gets an extra push this month with the opening of the New Half Moon down the Mile End Road and the reopening (albeit temporary) of the Lyceum just off the Strand, closed as a theatrical venue since John Gielgud's *Hamlet* there in summer, 1939, and used ever since as a gloriously kitsch and seedy palatial de danse and rock concert venue.

It is 208 years since the first Lyceum theatre was built at the river end of Bow Street, down from the Royal Opera House and Drury Lane. Madame Tussaud's waxworks opened there in 1802, when the site was more used for circuses and lectures than for the higher drama of Keats, Keble, Grimaldi, Henry Irving, Duse, Bernhardti, Diaghilev, and Chaliapin who later adorned it.

The present 1904 building by Bertie Crewe, is a monument to Edwardian plush, with plump cupids clinging to the fronts of the boxes, their arms snapped off when the lamps they formerly held were done away with. The gallery is striped of its benches and filth. The dress

circle bar is now a Mecca-baroque ladies' boudoir.

Ironically, the Lyceum is getting its new lease of theatrical life precisely because the stalls have been converted, as wartime Covent Garden was, into a dance floor. Indeed, the Palm Court decoration that masked the golden Royal Opera proscenium then can be seen against the walls of the Lyceum stage today.

When Peter Hall sprang his Cottesloe closure on a distressed nation, Ian Mackintosh of Theatre Projects who suggested to Denys Lasdun the courtyard Georgian theatre structure of the Cottesloe was already looking everywhere for a venue where its most successful show could transfer.

This is Bill Bryden's production of Tony Harrison's medieval *Mysteries*, a promenade show. Mackintosh remembers the shocked "phone-call by which he learnt how the Passion was affecting the Cottesloe. "Do you know what they've done to your theatre now? They've taken out all the seats." His caller didn't know that he would be absolutely delighted. "The reason I like Georgian

theatres," he says, "is that they were community halls as well as theatres. Now that we've escaped from the proscenium arch, we can look back and admire buildings with large forestages that could be used just as well for pony races and circuses as for plays."

Fixed seating, as he points out, is a comparatively late 19th-century innovation. In the days before pensions, old actors on their benefit nights used to pad out the capacity with rows of benches on the back of the stage, indeed on very fat thespians. Quinn, sold so much stage seating that he couldn't in his Falsieff enlargement, squeeze on from the wings himself.

Bryden's promenade *Mysteries* are that kind of theatre. At the Last Judgment patrons on the wrong side of Christ found themselves being dragged off to the everlasting fires.

Mackintosh needed to find a hall with a capacity of 1,000. In Edinburgh Bryden's production had demonstrated it could speak to that number, three times the Cottesloe capacity. But it's a large number to find in a fringe-type, unconventional venue. The New Half Moon holds a

maximum of 400. The Wilde Theatre, at Bracknell, a demonstration of the courtyard principle which Theatre Projects and Mackintosh have been developing through the Cottesloe and the Tricycle Theatre, Kilburn, as well as at a number of school theatres, holds only 330.

Mackintosh is a manie theatre buff. He knew that the transformation was nothing new for the Lyceum. In 1923 Reinhardt created a medieval cathedral for his *Miracle* in which the soon to be Lady Diana Duff-Cooper portrayed the Virgin Mary.

He has also discovered that the theatre was the scene of the first ever promenade concert in 1839. The solution was to treat the Lyceum as if it were a courtyard, and incorporate seating round the ballroom floor with the dress circle and boxes.

"We are rediscovering a great part of theatre history buried away in the centre of London, and exploiting Mecca's people's palaces with its bars filling the back of the stalls." (The bars will stay throughout performances.)

If you read Richard and Helen Leacock's survey of theatre building, Theatre and

Playhouse (Methuen, £2.95), you quickly discover how theatre, like every other kind of culture in the last 100 years, has tried to incorporate every system and every solution from the near and distant past, but the dominant issue is social context, and social objective. Mackintosh says that television has made the distant matchstick figure unacceptable.

The ideal size may be something like the Wyndham Theatre, with the central space across which the performer must work his magic, no greater than a variable cube of about 30 feet. If there's a problem at the Olivier Theatre, it's because its space is too vast.

The ability to register is what matters for the performer. Perhaps television has an even more insidious effect, relieving today's actors of any acute need for sheer vocal projection. But in small theatres you don't need much voice.

Atmosphere, which is in part an aspect of decor, is harder to pin down. The Wilde Theatre is dominated by the interstitial pipes of its air conditioning, where Edwardian aesthetics would have dictated a chandelier.

As at the Cottesloe one remembers metal pipes at the front of the gallery seating and blank walls.

The New Half Moon, before its temporary seating ramps and stage were set up for the opening production this week of Sweeney Todd, felt like a cross between a classical church and a vacant warehouse.

"The idea," says its designer, Florian Beigel, a German architecture teacher at the North London Poly, "is that we have made a scenic street - theatre in the street with a roof over it." When you look again at the windows with their naked concrete lintels piercing the two long concrete-block walls of the rectangular box-shaped space, you get the idea.

There are street-lamps "stuck" to the walls at second floor level, and behind the windows are lower and upper corridors from which one can overlook the performances. The short walls are made of ribbed metal, cutting off the south-facing end containing five windows and allowing a fair amount of natural light. In the centre of each wall are double doors. The doors in the long walls are two storeys high. The ceiling lights are

intended to refer to stars. There is no stage: the lighting is all fixed on a mobile metal raft so that the focus can be moved anywhere in the space. Similarly there's no fixed seating. The brief was for maximum flexibility within a sturdy, intended framework. Beigel confirms that it's not as flexible as it seems.

"We wanted a space which gives a little experience, so that the audience can be objective and step back from the intensity of the performance."

Beigel says that the New Half Moon, whose building (without theatre equipment) cost £280,000, is as well equipped as the Cottesloe.

If there's a problem in designing theatres of defining the best relationship between actor and audience and the contact of the audience with itself, it's a problem which Beigel's half refuses to face. In effect, every time the seats are realigned the problem will be reconsidered.

ple, a promenade audience will experience the show. But the building could make an exciting place for processions: it would make a marvellous church.

Half Moon started in a synagogue and has been based in a Methodist church for five years. The church is now the bar.

Looking back at the New Half Moon from further down the mile end with the loose brick hawks of Mile End Road housing all around, one might almost be seeing a high-roofed temple. The great metal doors have a kind of rhetorical majesty. When new, a purpose-built theatre seems to evoke religious resonances, perhaps the dramatic art has come full circle.

Postscript: When the *Mysteries* complete their extraordinary 12-week run at the Lyceum, Mecca will commence their total refurbishment of the building. Peter Hall's *Hamlet* has been the last building have demanded that they restore the building fully to its former magnificence, and when that is done Mecca will get a 125-year lease to use the building as a people's place for dancing and popular culture. Preserved in aspic.

Barbara Yeager and Annie Golden in *Leader Of The Pack*



W. J. Weatherby on a Broadway musical that is too big for its 1960s boots

Da doo wrong wrong...

WITH DREAMGIRLS in its last weeks, no replacement has yet been found and so a strong new contemporary musical has so far eluded Broadway this season. Frail multi-million dollar productions with more ambition than art have come and quickly departed, and even some more robustly entertaining shows which might have survived off-Broadway in a smaller Village theatre have gone the same way.

The latest new musical is *Leader Of The Pack*. It began as a revue at the small Bottom Line Cabaret Theatre in the Village and should have stayed downtown. Putting on some fat and growing into a 90-minute non-stop feast of early sixties pop songs, it is alleged in these inflation-recession days that means an entertainment able to appeal to all-comers from suburbia and thus with a chance of surviving rough

critical assessments from the New York media. *Leader Of The Pack* does not have wide appeal, and it certainly received decidedly mixed reviews which make a long Broadway life unlikely. Its subject, the life and music of Elvis Presley, one of the reigning monarchs of pop in the early sixties, has plenty of songs worth rediscovering, but lacks that essential ingredient of all successful Broadway musicals, a strong book or story line on which to hang all the music and dancing.

It depends on the old American Show business cliché plot - local girl makes good and then success begins to turn bad - but there are no original variations as there were in *Dreamgirls*, for example, and what there is hasn't been developed very deeply.

So the show has to fall back on its songs, with those innocent pre-Vietnam lyrics that

often had delightful, nonsensical wordplays reminiscent of the twenties, including "Da Doo Ron Ron" and "Do Wah Diddy". A gaudy, colourful production includes some remarkable singers and dancers, but above all there is Darleen Love, who was a back-up singer for Elvis Presley in the early sixties, with such groups as the Crystals, the Blossoms and Bob B. Soxx and the Bluejeans.

The high point comes with her singing of "River Deep Mountain High," which was written for her but is usually associated with Tina Turner, also enjoying a great comeback. Mr. Dove's rendition is more low key, more off-Broadway than Tina Turner's which is much more in current Broadway style.

The appearance of Elvis Presley himself is obviously intended as the climax, but it further underlines the personal intimacy of this alleged musical and would be very effective in a small Village theatre where intimacy can be appreciated.

Mr. Greenwich should have refused to let her Pack travel beyond the boundaries of the Village, whose name she shares, until a much more ambitious musical, like those other sixties hits, *Hair* and *Grease*, was developed from her life and work.



Hard times, Act three

WHEN half the Arts Council Drama Panel resigned in February one main issue involved was a drastic 40 per cent drop in the commissioning of new plays over and above the impact caused by the depression of the Council's general subsidy level. Yet for nearly two years Arts Council officers have been resisting proposals from their advisory theatre writing sub-committee to stop the rot, which had already begun in 1981.

That year a new method was adopted to fund new writing. Previously theatre companies had put up half the money for each new play out of their own budget with the other half coming from the council on a play-by-play basis. In 1981 responsibility for new playwrighting was "devolved" to the companies themselves.

For the first transitional

year theatres put in estimates for their whole year's new play activity and received an annual, matching sum from the council. Today, funds are not allocated separately but simply lumped in with the whole annual grant.

The result is that actual expenditure on new plays has been consistently lower than estimates. Not only that, but for 1984-85 even the estimates were lower than the previous year. The reality of a general squeeze on theatres' resources has meant that a large proportion of money originally intended for playwrights has been "creatively accounted" into other areas - the leaky roof, the wiring, even no doubt the Chancellor's Vat.

Meanwhile the marginal improvement effected during the seventies in playwright working conditions has been reversed. A survey completed

by the Theatre Writers Union in the second year of "devolution" showed that even playwrights like Robin Swicord - much-produced in the North and Midlands - needed to write five plays a year (more than twice the average output) in order to earn the £2,500-£3,000 expected for a mere 60 minutes on television.

David Rudkin and Steve Gooch, both of whom have more than 15 produced plays behind them, including some with the RSC, have no better. Peter Flannery, another RSC produced writer, was offered just £1,000 for a play in the north-west involving more than six months' work. David Cregan, whose earliest work was produced 20 years ago at the Royal Court, but who now works mainly for radio and TV, was offered £700 as down payment with subsidised theatres.

Others, like Sheila Yeager and Nick Darke, another RSC and Royal Court playwright, simply acknowledge that the regions have all but stopped producing new work, though Sheila did have a play optioned and produced in the south-west for a risible £750.

Disliked and mistrusted by playwrights when it was first introduced, and a total failure in operation, the present system has now been opposed by not only the writers' unions but also the Theatre Managements Association. And last year the Drama Panel voted unanimously for a return to the system of "matching" funding. There are many advantages to such a return. In the first place, theatre companies would have to commit themselves to a specific sum for new writing to which they could later be held. In the age of the computer,

the extra accounting involved is hardly likely to cause many more headaches than the extra monitoring which is as far as Arts Council officers are prepared to go at present. Meanwhile, in a true spirit of democracy, they have fought their advisory committees' proposals tooth-and-nail, in spite of the overwhelming support for them from the profession.

Every other argument defeated, the officers now claim that the administrative cost of returning to the 1980/81 system would be prohibitive. Yet not only has it been operated before, but their own figures indicate a sum lost to new playwrighting equivalent to half-a-dozen annual salaries. Even one whole year's salary would be a small price to pay in order to preserve the vigour of British theatre and the international regard in which British playwrighting is held.

BRIEFING

THEATRE

THE Palace, Watford, offers Bernard Farrell's *I Do Not Like Thee Dr Fell*, a new Irish comedy about a group therapy session, featuring Mike Grady. Euripides' *Medea* arrives at the Almeida from the Leicester Haymarket Studio in a Nancy Meckler production. Brighton Festival gets under way with performances linked by the idea of the Leicester Haymarket Studio in a Nancy Meckler production. Brighton Festival gets under way with performances linked by the idea of the Leicester Haymarket Studio in a Nancy Meckler production.

Marlene Gytellon: Tuesday to Thursday; Peter Hall's exact production of Jean-Jacques Bernard's *Hardy's story of a ruined country girl*; Wendy Morgan very good as the inarticulate heroine. Old Times (Haymarket): Platter power-games amongst the Leicestershire three: Michael Gambon, Michael Billington, Michael Billington.

OPERA

Benvenuto Cellini kicks off the Brighton Festival (at the dome tonight, Monday, Wednesday) with New Sussex Opera in sharp profile. Bryan Balkwill conducts, and the new production is by Peter Ebert. David Johnston takes the title role on stage for the first time, and the cast also includes Dennis Wicks, Anne Mason, Louise Kennedy. In Arthur Jacobs' English, Orlando (Glasgow Wednesday, tomorrow week) the latest of many Handels marking the centenary. Scottish Opera have Christopher Fettes producing opera for the first

time, with designs by Antony McDonald, choreography by Ian Spink. James Bowman takes the title role, with Eiddwen HARRY, Lillian Watson, Timothy Wilson and Stephen Varcoe in support, conducted by Richard Hickox. The Emperor of Atlantis (Imperial War Museum Tuesday, Wednesday, Thursday) is a superbly creative way of marking V-E day. Viktor Ullmann and Peter Kien's one act chamber opera was written in 1943 in Theresienstadt but not premiered until 1977 at the Holland Festival. Not only was the show banned, but its perpetrators were "disposed of" in



James Cairns - Coliseum. Auschwitz, Michael Granbair conducts, Nicholas Till produces and the cast includes Stuart Harling, John Rath, Christopher Gillett and Maria Jagusz.

Recommended

Madam Butterfly (Coliseum, Thursday). Graham Vick's astonishing production was the hit of the early part of the season, with James Cairns memorable as Cio-Cio-San, and John Mander conducting marvellously. Now Rowland Sidwell is Pinkerton. Tom Sutcliffe DANCE. SADER'S Wells Royal Ballet brings its dramatically powerful Swan Lake back to Covent Garden tonight.

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May 3, 1985 Are sanctions a symbol or a policy?

President Reagan's abruptly proclaimed trade embargo against Nicaragua has naturally been criticised as likely to push the democratically elected Marxist government further towards Moscow and is, in any case, hardly the most tactful way to start an economic summit about freeing world trade. Sir Geoffrey Pures has his lips. Mr Denis Healey sees it as "an act of revenge" against the US Congress' refusal to grant any more money to finance terrorism.

But the more immediate question, of course, is: will it work? US officials may predict that it will put the troubled Nicaraguan economy on its knees, but it is difficult to find evidence to support this. Mr Wayne Smith, an academic and former diplomat who helped to establish the US trade embargo against Cuba 25 years ago, commented this week: "It didn't work then and it won't work now. In the long run they will find alternative outlets for their exports and will get their imports elsewhere too."

This is certainly what happened during the 15 year British embargo against the rebel white regime in Rhodesia, which may help to explain why Mrs Thatcher is not rushing to support the President this time. Far from bringing Rhodesia to its knees (as the politicians had predicted) sanctions were breached on a wide scale and the economy made giant strides towards self-sufficiency. Statistics published afterwards showed that in only one year there was a balance of payments deficit (1965) and during the last five years of the rebellion the surplus averaged £100 million, or ten times the pre-UDI years. And that was an embargo, supposedly being applied by the United Nations.

Nor does the US experience of trying to stop the pick of Silicon Valley's microchips finding its way to the Soviet Union show much more success. As Mr Richard Perle, assistant US Secretary of Defence laments, the USSR manages—through a chain of front organisations throughout the world—to snap up the latest American chips and

apply them to defence quicker than the US military (which is subject to bureaucratic bidding procedures and Congressional voting) is able to.

If landlocked Rhodesia runs rings around the United Nations, what chance has the US of imposing its will on the isthmus of Nicaragua, whose business with the US has fallen to only 15 per cent of its total foreign trade? It is true that Nicaragua depends on America for supplies of critical spare parts for capital plant like oil refineries. Also, its main exports — bananas, shellfish and fresh meat — are perishable. And it has big debts and little cash. But it is difficult to believe that alternative markets will not emerge, even if they push the country into even greater dependence on the Soviet bloc.

It is difficult to see President Reagan's move as anything other than an ill conceived move taken out of pique following the failure of his attempt to persuade Congress to vote \$14 million in "humanitarian" assistance to the rebel forces. A trade embargo, unlike financial assistance, does not require Congressional approval. The US has also abrogated a 27-year old friendship treaty with its Central American neighbour. Ironically the embargo will worsen the already huge US trade deficit, since the Sandinista government actually runs a trade surplus with the US, and it will also put still more pressure on Nicaragua's already hard pressed private sector.

This is flailing, flailing stuff: and illogical to boot. Washington won't apply the pressure (a very different pressure) of sanctions to South Africa, but seeks to throttle Managua. Mr Reagan may be angry with those critics who say he's lost his grip. But where, pray, is the evidence of that mastery of events?

Bombs on the beach

Commonsense says that when two small bombs go off in the middle of the night on Spanish beaches there is no need for anyone to put their holiday plans into reverse. In the soulless world of statistical risk calculation, the chances are infinitesimal that any particular one of Spain's expected 43 million foreign visitors this year will have things ruined by either an ETA bomber or a holiday resort mugger. But the

fear of risk and the chances of risk just do not always fit together in that nice tidy way. Tell old ladies that they run relatively little danger of being attacked on the street and they will tell you that you do not live in the real world. Tell the average person in Britain that they have a statistical chance of being assaulted once in 100 years (which is what the British Crime Survey concluded) and they will dismiss you as a naive academic. In all these situations, it is the scare factor that counts. Whether the Spanish tourist industry now faces a run of cancelled bookings is hard to judge. Spain is by no means the only place in the world, sadly, where terrorism has punctured the easy rituals of everyday life. Britain, after all, has suffered regular bombings in its public transport, in tourist attracting places like the Tower of London, Regent's Park and the Oxford Street stores. But the foreign visitors keep on coming in their millions. The lure of the exchange rate far outweighs the risk of mutilation by the IRA. Last year, in the wake of the Harrods bomb and the Libyan embassy siege, 11 per cent more tourists came here than in 1983. If they are put off from coming, according to a new survey of German attitudes to visiting Britain, it is overwhelmingly the weather, the prices and the food that are the most potent deterrents. Political factors, the risk of crime, the threat of terrorism count for nothing, the survey found. Nor is it only British tourism that can take it. Athens (and even its airport) has had more than its recent share of bombings and shootings. Yet Greece, thanks to the cheapness of the drachma, is poised for a tourism bonanza in 1985.

Spanish tourism too is likely to survive. But the beach bombs this week in Benidorm and Valencia will have disturbed more than just the sand. The difference about what is happening in Spain is that it is aimed directly at the tourist trade. Mass tourism has not merely transformed the appearance of Spain. It has lifted the country's economy out of poverty into prosperity. So any terrorist group which wants to find a new lever to put pressure on the Madrid government is making unpleasantly shrewd calculation in choosing tourism as a target. All the more so when the price increases of up to 20 per cent on Spanish holidays this year compare so unfavourably with the relative standstill in the cost of going to Portugal, Yugoslavia or Greece. Spain's previous hold on as much as 50 per

cent of the British overseas holiday market was already under threat from the price increases. The bombs will shake that grip still further. So while the tourists can afford to go elsewhere, the Spanish economy cannot afford to let them. That is why the Spanish authorities have quickly drafted in extra police to the coastal resorts. The bomb threat to life on the Costa Blanca may be relatively small. But the threat to Prime Minister Felipe Gonzalez's buoyant and bounding vision of an economically competitive Spain is real enough.

Blasts on the hustings

Greece holds its premature general election on June 2, and it is already the bitterest contest since the restoration of democracy in 1974. The dubious circumstances under which President Karamanlis was removed from office (and the more dubious circumstances under which he was replaced by a pro-government nominee, Judge Christos Saratzakis) have ensured a ferocious fight. The official Opposition party, New Democracy, still refuses to recognise the legitimacy of the switch. One of the first tasks of a New Democracy government, if one emerges this summer, will be to attempt to purge President Saratzakis, thus ensuring another constitutional crisis. The removal of Karamanlis has focused attention upon the style of the Pasok (socialist) government led by Dr Andreas Papandreu, and renewed fears about his ultimate aims. There is, undoubtedly, an impulsive unpredictability and a periodic ruthlessness about the Pasok house style. There is also an extremism of rhetoric which mildly annoys the European allies but manifestly angers and alarms the United States. That rhetorical extremism was, however, diluted for the past four years by the reassuring signals sent forth from a conservative president, apparently working in harmony with his prime minister. Now the signals suggest that a second term Papandreu government would find such checks and balances intolerable.

Just how much those signals will be worth to Pasok's enemies come polling day remains to be seen. But almost half of those who voted socialist in 1981 moved towards Dr Papandreu's party from the centre. Without them he cannot survive. If

they now suspect a period of unbridled Marxism at home and neutralism abroad they could peel off to New Democracy. It is a conservative party with a recently elected leader, Mr Constantine Mitsotakis, a former Liberal who is determined to shift his new party towards the centre.

But the voters will not only be judging the events of the past two months. They will be judging the record of the most militantly leftwing government in Nato. In doing so they will be measuring it against the one-word slogan "Change." For Greece the demand for change remains a complex thing. It embraces economic modernisation, social reform and an overwhelming desire for a government not beholden to any outsiders and which will stand up firmly for the perceived national interest. It is on the economic front that the government looks most vulnerable — if only to the high expectations it engendered. Inflation is marginally down on the 24 per cent annual rate inherited from New Democracy, yet unemployment is up. The Ministry of National Economy has not produced a convincing national plan although its flirtation with biotechnology and other 21st century wonders will, if it pays off at all, pay off big. The attempt to seek trade and investment from the Arab world (including Libya) and from the Soviet bloc is medium term stuff. But EEC membership has produced a prosperous, duly grateful peasantry. Yet the urban proletariat, with newly freed unions, is distinctively restive.

Socially, the government has a respectable record. Educational opportunities have improved. Health and pension provisions are better and women's rights, from civil marriage and divorce, through property rights to abortion look a sight more civilised. The swing issue is international affairs. And here international opinion and internal opinion diverge dramatically. When Papandreu tweaks the Turkish nose or cuts up rough with his Nato allies, the West is inclined to feel that he is playing the odd man out, to no particular purpose. (That is the interpretation New Democracy is selling.) But many Greeks feel that their country has been an unwarranted acquiescent ally for half a century. Papandreu's foreign policy may not have achieved much. But, at least, it has demonstrated that you don't have Greece to push around any more. If that feeling remains strong, then Papandreu will gain his second term in spite of the growing worries about where he is going and why.

LETTERS TO THE EDITOR

State education on the brink of a major degeneration

Sir—I was rather disappointed to hear Mrs Shirley Williams's reaction to the current teachers' dispute.

I understand her support for the control of inflation and I understand her desire to appear to be dispassionate and independent in tackling difficult problems. I was surprised that she did not lend more weight to the clear justice of the teachers' case.

Does she really believe that teachers, and of course, certain other groups in the public sector, should be the only ones to accept great sacrifice in order to contain inflation? Does she not understand just how low morale is sinking in the profession?

In 20 years, I have never seen such conviction amongst colleagues that the squeeze on state education has gone too far. I know of no colleague who will recommend teaching as a career. We have to be on the brink of major degeneration if nothing is done. Clear progress has to be made, and made this year, towards adequate recognition of the essential contribution which state education makes to the health and wealth of the nation.

Williams correctly stated that we have to accept 6 per cent now, which would effectively be a pay cut since inflation is slightly above this. Also, with this figure, we would slip back even further in relation to all non-manual employees. We would then achieve the slow climb back to respectability through a structure package.

If I do not understand why we have to pay for a restructuring package by suffering more than a 30 per cent salary cut first while at the same time having to work harder to achieve the goals of a secretary of state who appears not to have the slightest idea of what constitutes adequate resources. It is not going to work. Teachers have not at last stirred themselves in order to settle on such unsatisfactory terms.

What on earth is wrong with restoring salary levels to those set by a perfectly respectable, government-appointed body over ten years ago? Then if government needs teachers to accept changed conditions of service, it should be prepared to pay for it. If such a development holds all the prospects for improvement that government suggests, then it should be only too happy to pay.

With falling rolls in schools, government should be able to look at state education and say: "Oh good—let's improve the service without any real increase in cost. We can begin to pay teachers properly and begin to reduce pupil-teacher ratios so that they are similar to those enjoyed in private education." Instead, it punishes its hands and holds back the cash so that

it can give handouts to people who do not need them.

Will not Mrs Williams set herself against this latter course? Yours faithfully, Robert Brown, Stevenage, Herts.

Sir—As a teacher, I entirely agree with Sir Keith Joseph's remarks (April 29). I am mad: mad that after six years' full-time training and years of experience a teacher earns the same as an 18-year-old recruit to the Metropolitan Police Force. I am mad that a teacher with four children is not eligible for free school meals for those children and entitled to claim a tax supplement on top of the basic rate. I am mad that young well-qualified teachers are leaving the service disillusioned and bitter.

Secondly, I agree with Sir Keith that I am unprofessional: I am unprofessional in status, resources, and salary. I am not treated as are

other professions: therefore I must be unprofessional.

Finally, together with my colleagues, I am causing the maximum disruption to pupils at the minimum cost to myself. I have not spoken to one teacher who has not searched his conscience before taking action, even rejecting possibly the most effective weapon: disrupting examinations.

Much as we sincerely regret the effect on pupils as I understand it, the aim of any industrial action is to achieve maximum effect at minimum cost. Still, perhaps I am mistaken: an orange-ute does not rate high on understanding, especially when he's mad.—Yours P. W. Flint, Doncaster.

Sir—Sir Keith Joseph's statement, released by the Conservative Central Office (April 28), leads me to make the following observation. In attempting to retrieve a wage level, nationally ac-

cepted as having fallen way behind others in recent years, to say nothing of declining career prospects, teachers are now considered "immoral" and "mean."

Also we learn that the teachers pay dispute is now "tied in" with restoring the nations trading competitiveness.

Strong stuff from a government moral enough to turn its back on \$1 million unemployed and whose restrictive policies have encouraged high unit costs and poor trading performances through firms working at under capacity in half empty factories.

However, being a "mad" teacher, I could be forgiven for thinking that investment in education should be a prerequisite for good economic performance rather than a result of it.—Yours Carl Nightingale, Brook School, Richmond Road, Sheffield 13.

Sir—It is being stressed that very few people, except those on the Celtic fringe, have objected to the proposed mass for the Prince and Princess of Wales. There would have been very many more had they known what was going on. How could we object when the mass was "organised" under strictest security?

It was in principle wrong to arrange something which the constitution forbids, but the error is compounded when it is cloaked in secrecy.

We are glad that the Queen said "it is step in and prevent the mass taking place. Whatever embarrassment may have been caused by its cancellation the consequences would have been far worse had the matter got out after the event."

There are many who value our Protestant heritage in this country and are wholly committed to maintaining it, not least because it affords spiritual liberty from priestly power which the mass itself epitomises.—(Rev Dr) David N. Samuel, London SE11.

Sir—Your report about Prince Charles and the Pope completely misses the point why the Pope was cancelled. It has very little to do with appeasing Protestant extremists.

The vast majority of people in this country, outside the poor priestly victims in Northern Ireland, no longer accept the dangerous and divisive, supernatural doctrines and dogmas of the Catholic Christian religion that was officially formu-

lated at the Council of Nicaea in AD 325—Roman and Anglican.

These people would not take at all kindly to seeing their "populists" future king being made to grovel at the feet of a priest of any religious sect.

This is the exciting, scientific age of reason and the general public are sick and tired of the antics of the priests and their victims throughout the world. Michael Ball, Bristol.

The double error in the mass that never was

Sir—The news that the Queen recommended that her son and his wife decline the Pope's invitation to mass reminds me once more of the anachronistic discrimination of the British monarchy.

Few probably remember that no one ever prohibited the young Queen Elizabeth from attending the Orange lodges in Northern Ireland in the fifties.

In fact the entire range of incidents, from the vetting of Prince Charles's possible brides-to-be to the forced "abdication" of Michael of Kent, show that Roman Catholics are the only religious minority in this country against whom there is statutory discrimination.

This is a typically British sort of eccentricity upheld by the likes of Basil Hume who ought to be campaigning for its removal and suppression. So long as no member of the royal family is permitted to marry a Catholic it will be perceived as bigoted and out-of-date.—Yours Charles J. Doyle, Witham, Essex.

Malawi's breadwinning women

Sir—In his article on Dr Hastings Banda (April 19) Terry Coleman comments that Malawi is one of the few African countries that not only feed itself but exports food as well.

While I have no love for Dr Banda I feel that it is important for us to realise why this is so. The reason is quite simple: alone among African leaders he has perceived a truth that eludes most of the "development experts."

In most of east, central and southern Africa it is the women who are the food producers. While most extension agents concentrate on men and their themselves, men who in the main cannot speak to the women, it is the women who are the ones

who need to be dealt with if food production is to be improved. Dr Banda, recognising this, invites the women of an area to the capital, gives them a huge party, presses them, and urges them to follow the advice of the agricultural extension staff. The result is obvious.

While it is not often possible for men to speak to women in Africa, a well educated woman, African or expatriate, can speak to both men and women, and be listened to with respect. One wonders when this fact will be grasped by organisations like the Food and Agricultural Organisation and other international groups.

James Lewton-Brain, State University of New York

Sparing the Nicaraguan child

Sir—What a contrast exists between the picture of Nicaragua which people listening to Reagan's rhetoric get, and the picture revealed by those with any knowledge about the country's priorities.

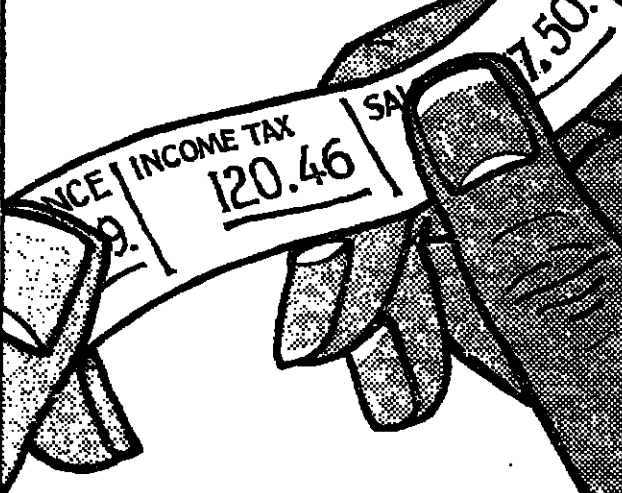
What many of us see is a country working hard to improve the living standards of its people. For example, the Ministry of Health has pursued a successful child health programme and managed to eradicate polio in the last few years. The items on the department's list of priority medicines are those

for specific use in child health.

In response to these priorities the Clapham Group for Medical Supplies to Nicaragua is one of a number of groups in Britain raising funds for essential medicines for the Nicaraguan people. Projects for long term health programme are particularly important at this time now that resources have had to be diverted to emergency treatment.

Patti Waterson, Clapham Group for Medical Supplies to Nicaragua, London SW4

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A COUNTRY. DIARY

NORTHUMBERLAND: Living in the valley of the Wansbeck, I went up the river to its source yesterday and spent a morning with the warden of Sweethope lough. This is a lovely stretch of water situated in a conifer wood out on the moors below the beetling Wansbeck crags. The house and the dam at Sweethope were built in 1830 but the lower dam dates from 1790 and originally had a wooden bobbled about in a boat in the middle of the lough alongside one of the small islands, admiring two Canada geese sitting on their nests. Their partners honked up the river and the noise, although strident, was much more musical than the basic honking of the greylag geese which were down to about twenty now at Sweethope, as the birds do congregate between lakes at Hallington, Capheaton and Enderby. Two goldeneye ducks glided stiffly past, and several mute swans planned dramatically across the water at intervals to remind us of their presence. Leaving the Canada's nursery quarters we chugged up the lough to the island at the west end where the warden showed me the pair of great crested grebe there. He told me that their nuptial displays had been spectacular, and I was thrilled to see them entwining necks momentarily and then presenting pieces of wood to one another. We kept about 70 yards away and watched them through our binoculars. I will visit them again because the warden's wife told me that the baby the grebe pair produced last spring, was an adorable one—just like a little striped hummingbird. The short-eared owls, which are winter visitors to the heather above the lough, have increased in number this winter, which was the good news. The bad news was that the warden had picked up a dead mink by the water's edge the previous week.

VERONICA HEATH

Crimes that dare not speak their name

Sir—We were surprised to read your headline (April 29) claiming that the number of sex offences is falling, but less surprised when we found that you were referring to police figures.

The number of so-called sex offences investigated by the police may well be falling, but it is well established that rape, indecent assault and similar offences are underreported crimes.

Of the women who contact us, only about a quarter have reported to the police, and this figure is pretty standard among rape crisis lines.

There has been a lot of publicity over the last couple of years about the bad experiences which some women have had on reporting crimes of sexual violence and this may well have deterred even more women from reporting, thus giving an apparent drop in the number of offences. I do not think any of us can tell whether these offences are increasing or decreasing, as so many women don't feel able to tell anyone at all, let alone ring a rape crisis line or go to the police.

It's hardly surprising that fewer than one out of 150 offences recorded by the police was a sex offence. No matter how sympathetic the police officers may be, it is always traumatic to go to the police after you've been raped that it would be if you'd had your car stolen.

We are contacted by more and more women and girls and I'm sure that all rape crisis lines, incest survivors' groups and women's aid refuges are finding this too. The more we know, the more we are becoming better known, or because it is becoming very slightly easier for women to talk about what men have done to them, but even so, it seems unlikely that sexual attacks are actually getting less common.

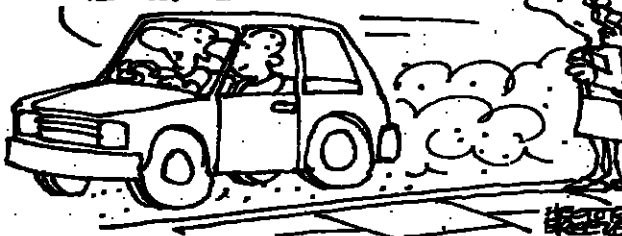
Brenda Clarke, Manchester Rape Crisis Line, Manchester.

Miscellany at large

Sir—Your article on Rutland in *Travel Guardian* (April 27) was enjoyable, but I am at a loss to understand why you used two photographs of Oundle to illustrate the piece. Rutland Water is very photogenic and there are some attractive villages nearby, such as Eton and Empingham. Rutland Water is in the Oundle Division of Anglian Water, but Oundle is in the county of Northamptonshire.—Yours sincerely, D. A. Brown, Sawtry, Cambs.

Sir—I can understand companies like Commercial Union, General Accident and Norwich Union hedging their bets by making donations to

WHAT I LIKE MOST ABOUT STEALING CARS IS THAT IT SHOWS UP IN THE CRIME FIGURES



the Alliance parties (*Guardian* May 1), but why the massive gift to the Liberals from the British School of Motoring? Is it in the belief that middle of the road policies will require us to take more driving lessons?

Yours, Dietmar Kuchemann, Wandsworth, London SW18.

Sir—W.A. reference to your articles about the Palestinian attacks on Christian villages. The PLO categorically denies any involvement in these matters.

Our presence in Lebanon is defending our refugee camps against the Israeli surrogate troops of Anton Lahad, and I would refer

you to the statement by the Prime Minister of Lebanon Mr Rashid Karami two days ago, in which he stated that the PLO has nothing to do with the situation in Lebanon and is in no way involved.—Yours faithfully, Fayal Aoudia, PLO Representative, London.

Sir—"Flocinaucinilipiliplification" (29 letters) the longest word in the English language? (Letter May 1) Oh, no, it's not. "Pneumonoultramicroscopicsilicovolcanocapnositis" (45 letters) surely takes the prize.—Yours faithfully, Jacqueline Jones, Teddington, Middlesex.

Alan Rusbridger

DIARY

THERE is no more loyal supporter of our Ken than Ken's mum, Ethel, who is 70 next Tuesday. Now Ethel was down in London at the weekend anxious for news of the Brent selection conference. Trouble is, she was staying with her brother, Ken Kennard, and Ken K is a fervent Tory and starts frothing at the mouth when he hears his nephew mentioned.

So Ethel devises a plan. She pretends she's going to bed, gets into her nightie and dressing gown and goes upstairs to bed. Night night, Ken, she says, so Ken K decides to turn in, too. The moment she hears a brother Ken's door shut Ethel's downstairs like a shot and tuned into the radio. You won't hear a sweeter story this year.

A MODEL of Mrs T in Dublin's workroom museum has been attacked by intruders. They plunged a snout through her chest and chopped off her nose and mouth. No political malice, though. They went for Patrick Pearse and James Connolly, too.

THE Washington Post has been indulging once more in its favourite pastime of hunting for intellectual skeletons. The latest target is the Reagan administration's latest middle-ranking appointment, Ms Marianne Meale Hall as Chairman of the Copyright Royalty Tribunal. In particular, attention is focused on her 1982 book, Foundations of Sand, which states that "black Americans insist on preserving the jungle freedoms, their women, their avoidance of personal responsibility and their abhorrence of the work ethic." It follows that race problems arise, says the book "when you displace the jungle-freedom types into the Scotland-type environment which is America."

Does she believe this stuff? "I want to make it clear," she told the Post. "I edited that work. Period... in the sense of ghostwriter, no research, no writing, clearly editing." So why, she billed on the front as "co-author?" "If I wash a floor well," she says, "I'll take credit."

LORD Longford: "My own wife, as some people know, had a lot of children — eight if I remember rightly." (Hansard, May 1, Col 251)

A DOZEN or so members of Leicester CND visited Alconbury USAF base on Wednesday intent on climbing the perimeter fence dressed as rabbits. They parked near a group of camera-toting plane-spotters, whipped out their carpet, laid it over the barbed wire and were just about to scale the fence when, as a man, all the plane-spotters downed their cameras and pounced.

Just their luck to have chosen to coincide with the outing to Alconbury of a group of off-duty keen Metropolitan Police plane-spotters. Two arrests. Very pleased, the policemen were. Wondered aloud in the van to the local nick whether they could claim overtime.

SADLY, previous engagements prevented me from attending last night's third anniversary party of the sinking of the Belgrano held by some undergrads at St John's College, Cambridge. The party invite to the beams in the college gardens beckons guests to get "totally exclusionarily rowed." The time: 7.00 (Conqueror rights prey) to 20.00 (First torpedo sunk). Don't you just yearn to be young again?

ANOTHER front in the relentless war against the BBC has been opened up. The Tories in Scotland are outraged at derogatory remarks alleged to have been directed at the Scottish Secretary, Mr George Younger during a phone-in programme about the vexed issue of Scottish rates on BBC Radio Scotland on Wednesday evening. Mr Younger declined to take part in the programme since he proposed to announce new measures at the forthcoming Scottish Tory Conference. So angered were Mr Y and his aides that there have been dark mutterings about withholding BBC passes to the Tory conference.

THE real explanation being offered for the Bittburg cock-up in the most select Washington circles is, as it always is, the most obvious. It is simply this: when the President's advance man, Mr Michael Deaver, originally visited Bittburg cemetery it was covered in snow.

Alan Rusbridger

The liberty man takes his leave

"When I see leader articles in the Mail and Express in support of me, I spit on them. I don't want them as friends," says Larry Gostin. This is pretty strong stuff from the small, quiet American unbottling his emotions in his first interview since deciding to resign as General Secretary of the National Council for Civil Liberties.

For the first time in his 18-month tenure, he has spelled out his own political views and given his version of the row that has split the NCCL. "It's been the hardest, most difficult thing that ever happened to me, or ever will. This is the first chance to actually say what I think."

He decided to resign on Tuesday night, two days before the NCCL's executive committee meeting in the belief that it was unrealistic and improper to expect them to oppose decisions taken at last Sunday's annual meeting, which loudly repudiated his vision of a politically even-handed organisation.

"I don't regard this as a defeat," he said. "I hope that it's going to be the beginning of something. A lot of people are telling NCCL that they have to stop and think. I just can't believe that after this it will be business as normal."

He believes that he could only continue as general secretary if he publicly endorsed the AGM and executive. "That would be weakening the organisation and I couldn't look at myself in the mirror if I did that."

He had not been pushed out by the executive. Its chairman had asked him to stay. "It's another fairly mischievous piece of speculation that's been going on for some time. The executive has been extremely supportive throughout." Nor, he maintained, had he or his supporters been gungling for the Left.

"I've never said this to anybody before because I thought it was inappropriate to do so at NCCL. But I am of the Fabian Left, a close friend and ally of the Left. I wasn't against the left-wing and I wasn't trying to have a war of attrition with them. I was only trying to explain that the NCCL cannot be a creature of the Left."

"NCCL has to be prepared to defend civil liberties in the perspective of the political context in which they arise. It will never become as great as it should unless it can recognise that."

Gostin, 35, his dissociated himself from moves to set up an alternative body.



NCCL General Secretary Larry Gostin goes but, he tells Stuart Wavell, the fight for reform continues

Gostin: "This is the first chance to actually say what I think." Picture by Frank Martin

"There's only space for one civil liberties organisation, and NCCL has a proven record. I will go on fighting as a member."

The saga had begun in March last year when a member of staff, seeking to impress a reporter with NCCL's even-handedness during the miners' strike, revealed that advice had been given to the National Front in two recent occasions.

According to Gostin, every previous General Secretary had sanctioned the bare minimum of advice to the National Front and racist individuals. But the resulting headlines had prompted an

emergency motion and instructions from the executive about "no-go areas." Gostin had to turn cases away.

"For example, I turned down the case of a transsexual who claimed that she was discriminated against by the DHSS in receiving benefits. It was discovered that she had been a member of a fascist organisation and we refused aid. It later transpired that she had dissociated herself from her previously racist views, and I then felt the proper thing to do was to give her advice."

"That was how it began. It wasn't an attempt to shift NCCL policy or provoke it

in any way, but to defend it."

He claims that even before his appointment the executive had agreed to aim for a more broad-based policy. He had emphasised that aspect in his first press conference. Would it not have been more pragmatic to have emulated his predecessor, Patricia Hewitt, an openly avowed Leftwinger whose advice to the National Front had not evinced one murmur of protest? He fully supported Patricia Hewitt and Harriet Harman, he said, but everyone was different.

"I think you have to play it straight. I would have

loved to say, 'I'm one of you, trust me.' Many, many times. But if you let the Left know that you're their buddy, then you have to let the middle and the Right know that you are not their buddy. To me, the real Left doesn't always have to defend the interests of trade unions. There are things that Liberals and some Conservatives do that are just as radical as Labour and the Left."

He believes, nevertheless, that NCCL's primary function should be to defend trade union rights in the present repressive climate. To be frank, the political Right in this country have a disgraceful record on civil liberties, an absolutely disgraceful record, particularly under Thatcher.

But attached to this was his caveat about non-striker's rights which was shot down in flames at the weekend. Gostin served with distinction for eight years as legal director of MIND, where he was credited with bringing about the first major piece of mental health legislation in 20 years. There he worked with members of all parties, attacking Cobse and Nupe policies with impunity. But at NCCL hadn't he underestimated the built-in trade union bias and the depth of British tribal hostilities?

He says that trade union funding—a quarter when lumped together with GLC aid—had never been a serious factor. If withdrawn, it could have been replaced from other sources. As for dividing tribal hostilities he was neither a genius nor an ignoramus.

"If I made a mistake, it was the same that a British person would have done. Instead of bobbing on the water and having lots of people like you, to stand up and fight for something and ultimately lose your job for it, may be that was a mistake. I knew it would be hard, but for the sake of NCCL which I love so much I wasn't prepared to let it neuter itself. I just wasn't going to have any part of it."

Asked to name his greatest achievement at NCCL, he says it was to continue in the radical tradition of his predecessors. He is proud that the council had secured more amendments than anyone to the Police and Criminal Evidence Bill, the Data Protection Bill, the Prevention of Terrorism Act and currently the Interception of Communications Bill.

What of his future? "I don't know really what I'll do. I just want to consider the position."

A lesson in how not to build bridges JOHN TORODE sits in on the talks in Ankara

MR TURGUT OZAL, the Turkish prime minister last week discussed with visiting parliamentarians — in Ankara to study the country's cautious moves towards democracy — the large number of development contracts and joint ventures now on offer.

Topping his list was the controversial second Bosphorus Bridge. He indicated his preference for the Japanese-Turkish consortium on the stated grounds that it was the cheapest deal on offer. The Japanese MP's very senior people, nodded politely. Mr Ozal ended his remarks on the economy with a specific indication of

his country's desire to do business with Japan and with China. The very senior Chinese politician and his aides nodded politely and smiled.

The meeting took place round the cabinet table which is, apparently, a mark of the status given the occasion. Present throughout the discussions were a handful of foreign journalists invited to Turkey to cover the meeting and to attend the celebrations marking the establishment of the Ataturk of the Turkish national assembly. This in turn was an indication of the seriousness with which the Turkish government took the event in

public relations terms.

To put it crudely, Turkey was seeking international recognition for its controlled return to at least "guided" democracy after a period of military rule. That is why the members of assorted parliaments initially played it carefully when the invitations came up. Some of the more social democratic north European nations decided not to attend. They saw the continuing ban imposed upon political activities by the nation's two major politicians, Bulent Ecevit and Suleyman Demirel, as totally unacceptable. It called into question the legitimacy of the Ozal government.

In addition, human rights violations and the continuation of martial law in almost one third of the country's provinces disturb many nations and, last week, denied Turkey the presidency of the Council of Europe.

The British took a middle position between the boycotters and the enthusiasts like Japan and China with their high powered teams. Sir Anthony Kershaw MP, a senior Tory and chairman of the all-party Commons foreign affairs committee was invited to attend. He declined and eventually the plum visit, including a period in Istanbul complete with cruise on the Bosphorus,

a visit to the Aegean and tours of Pergamum and Ephesus, fell to the most junior Tory MP on the committee, Neil Hamilton.

With all due respect to Mr Hamilton, sending a backbencher with only 18 months experience of the House and a somewhat idiosyncratic Rightwing reputation, was hardly an overwhelming vote of confidence in the new Turkish regime.

Mr Hamilton was I understand given the standard Foreign Office briefing before he set out. In which case he was told the following: Turkey is making genuine efforts to return to democratic rule and Her

Majesty's Government looks with sympathy upon those efforts.

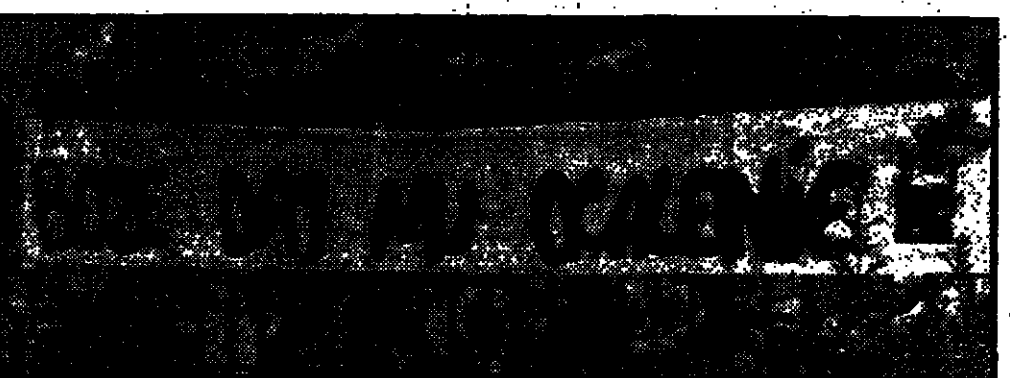
European power and one should weigh its human rights record against those of its neighbours. In addition, this country has no specific human rights complaints against Turkey going through the system.

On the other hand — as Sir Geoffrey Howe pointed out during his recent visit to Turkey — things are a bit rough and that makes it difficult for Turkey's would-be friends in Westminster. Britain feels, in FO jargon, "disquiet" about continuing repression in Turkey. Even so, we would like to do more

business with the Ozal regime.

Opinion in Ankara is divided about whether it was the credits and cost-cutting or political public relations which finally lost Britain the contract. But the calculated coolness of Britain last week undoubtedly played a part in the decision making process. It was Cleveland Bridge, a Trafalgar House subsidiary which built the first Bosphorus bridge 12 years ago which lost out last week.

But for the record, Mr Ozal stressed that there were plenty more contracts up for grabs and claimed that his economy was on the up and up and open to all comers.



"God Save Him": the sign outside Father Popieluszko's church last year

HELLA PICK, in Warsaw, on a pro-Solidarnosc revival Masses of resistance

ON MAY Day this week in Warsaw, 10,000 people set off on a pro-Solidarity march to counter the official celebrations led by General Jaruzelski. Before they started, they all attended mass in the church of Saint Stanislaw Kostka — once the church of the murdered Father Jerzy Popieluszko.

The church — in a Warsaw suburb — has now become a political as well as a religious shrine, a symbol of challenge to the Polish regime. An unending stream of people come from all parts of the country, and abroad, to shuffle past the grave, lay flowers and sink on their knees in silent prayer.

Inside, there is a gallery of photographs of Father Popieluszko, young, fiery and very personable. There are also photographs of the diavoli on the Vistula where his battered body was recovered, and of a car like the one into which his captors hounded him. And his political message is kept alive by a succession of priests who officiate over the "Mass for the Homeland" that he always held on the last Sunday of the month.

Last Sunday, Father Lewek declared that Poland was "the scene of a dramatic ideological struggle between atheistic communism and Christianity." His homily was relayed by loudspeakers to a crowd of perhaps 15,000 people, standing outside the overcrowded church on an unseasonably cold evening. He said that Father Popieluszko had been a martyr for faith and truth, and he expressed the hope that the struggle between Church and State, between believers and atheists, would be maintained. "Who is going to be the shepherd of the Polish youth: Jesus Christ or Karl Marx, a man who was morally weak, and whose spiritual record was repulsive?"

Poland, Father Lewek went on, shows eloquent proof of the failure of 40 years of atheist propaganda. He concluded his sermon with prayers for the release of political prisoners, and for the restoration of Solidarity.

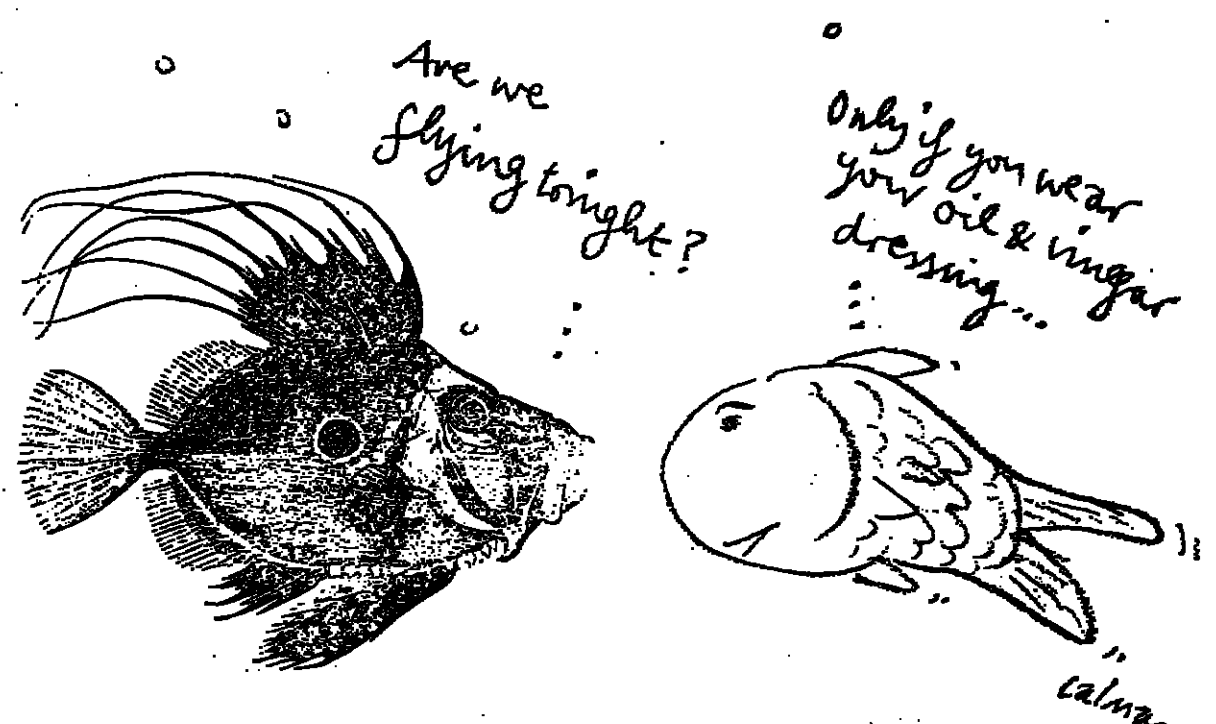
Such homilies, and similar prayers, are being read in Poland's innumerable packed churches, Sunday after Sunday, and often during the week. They signify far more than an emotional response to a martyred priest. A member of the Polish Curia, the body which administers the affairs of the Episcopate in Poland, drew a little sketch for me to illustrate the current confrontation between Church and State. On the left margin of a sheet of paper, there was a box entitled "Armies of the Church." On the other side he drew a much smaller box for the "Armies of the Party and the State." In between he left a large blank space — to symbolise not only the extent to which they are divided by their competing philosophies, but also the ground that each side seeks to capture. The sketch was designed to show the Polish nation as a battleground between an atheistic state and a Roman Catholic Church, which in Poland is equally absolutist, verging on fundamentalism. The Polish Church defends human rights, and is widely per-

ceived inside and outside Poland as a stout defender of Solidarity. Yet it can be as intolerant of religious dissent as the State is of political dissent.

Any criticism of the Pope's conservatism in respect to dogma, or of his opposition to liberation theology, is instantly interpreted by the Polish Primate as high treason. In a recent sermon, Cardinal Glemp not only criticised an article in the weekly paper, *Polytika* (which suggested that the Pope was motivated by strongly-held anti-Communist views), but also scolded the West for attacks "on the Holy Father based on ignorance and naivety."

During the period of martial law, it looked as though the Polish regime and the Polish Primate, both of whom had reached a tacit understanding. The Church appeared ready to cooperate to the extent of maintaining law and order, and trying to rally a disillusioned nation. But that is now history. Any idea of a common effort to revive the national spirit has given way to apathy. People are tired, everyone agrees. Sporadic marches, like the one on May Day, do not signify the reactivation of Solidarity. The Church, in this situation, sees no overriding need to help the government. It prefers to lead the alternate society, to use the battleground between the armies of Christ and of atheism for reconnaissance patrols.

The Church now organises performances of plays by those of Poland's leading writers, producers and actors, who do not want to cooperate with the secular authority. Father Ozmilit, who acts as a spokesman for Cardinal Glemp, is reluctant to claim that the Polish Church is gaining new recruits. Its following is already vast. A great many people, he explains, who might otherwise stay away from church, come because they see it as a mental refuge, where the symbols of political opposition to the regime are still kept alive.



Somehow the first guppy in space (courtesy of Russia's Soyuz 21) didn't quite capture the imagination. The British have always taken their fish a little more seriously. Mobil too. We purveyed vegetable frying oil to the fish parlours of Manchester 80 years ago. Today it's the live ones around our North Sea platforms and in the Thames by our refinery that excite our interest. We make sure that every drop of water we use is thoroughly cleaned before it's put back. (In fact it's even cleaner than when we took it out). That keeps our piscine neighbours swimmingly fit and healthy, even if they're not high fryers.

Mobil

In celebration of National Eating Out Week, Prue Leith reports on a little bit of heaven where you can get afternoon tea in bed

There was an Englishman, an Irishman and...



Perhaps it's true that there are no Irish jokes — only true stories. Where else would you see signs, "For Sale: Basement Penthouse" or "Bird Sanctuary: Youghal Gun Club"? That's the pleasure of travel, isn't it, that the clichés are there: that the French are so unfailingly Gallic, the Scots so unfailingly Gaelic, the Irish so unfailingly Irish.

But what I liked most about our six-day fling in Counties Cork, Kerry and Galway was the food. It was such honest food, that tasted like one's granny used to make, if one had that sort of gran.

I should say at once that what we ate was not Real Irish Food of the People. We tried that twice, once in a pub where the draught Guinness was good and the cotton-wool sandwiches were abysmal, and once at a modern pull-out where plates of packet ham or slimy chicken with tinned salad and soggy tomatoes cut a zig zag, were being eaten with apparent appreciation by the locals. After that we stuck to The Good Food Guide.

Which brings me to Ballymaloe near Cork. Every Irish jaunt should bring one to Ballymaloe. The place is hardly grand, but it is more than a jolly, up-and-down, double-story farmhouse owned and run by an endearingly dishevelled but energetic and friendly family. The king pin, or rather queen pin, is Myrtle Allen.

With her daughter-in-law Hazel she runs the hotel. Their husbands run the 400-acre farm. Myrtle's daughter Wendy runs the excellent craft shop which has lovely Irish rugs and sheepskin and

no lot of the batik hanky and corn-dolly variety. A son-in-law, Jim Whelan runs La Perme Irlandaise, their Irish restaurant in Paris, of which more another time. Another daughter-in-law Darina (with her brother Rory) runs the Ballymaloe cookery school which offers holidays in charming cottages (once barns or cowsheds) or feed rooms. Cooking lessons and demonstrations take place in the excellently equipped kitchen that was once a cattle house. It seems half the staff are relations.

But back to the food. The dinner menu (lunch is a homely buffet) is short but you want to eat everything on it. One night I had the best salmon I'd ever tasted. It was so fresh and so lovingly cooked it melted on contact. It came with "champ" which I'm ashamed to say I suspected would be tinned Paris champignons. (I hasten to say this was before I'd eaten anything from the plate of Allen food and you'd know you weren't in for such foolery.)

It turned out to be the Irish edition of Champy's tattie mash with spring onions. Lord, they were lovely. Where do you get mash with onions in London? Or where do you get mutton stew made with a homely lamb old enough to taste like mutton and young enough to be tender? I haven't tasted proper mutton for years.

We had home-made ices served out of a bowl made from solid ice — a neat trick to keep the icecream cool but visible. (Myrtle, she's longing for her health inspector to accuse her of having a chipped or uneven bowl.)

By way of petits fours with coffee we had melt-in-the-



Myrtle Allen — queen pin of Ballymaloe

mouth Eccles cakes! No one would dare serve such pedestrian stuff in nouvelle cuisine land. But they were perfect. Flaky, hot, buttery.

My idea of heaven is a boozy lunch, a long kip and then tea in bed. At Ballymaloe heaven can be ordered. One day we had hot scones, a slab of fresh butter, home-made jam, the kind of old-fashioned ginger cake with coffee icing you can usually only buy at the W.L. and fingers of still-warm

sugar-dusted shortbread, all brought on a tray by a strong and cheerful Irish lass who nullified our guilt at such decadence by the suggestion that sure it didn't look enough and would we not be wanting cucumber sandwiches?

For breakfast the soda bread was newly baked by Deirdre, the washer-up/waitress (I know because Myrtle had chalked on the kitchen board "Soda bread for breakfast please Deirdre"). The

porridge (stone-ground, in nearby Macroom) came with thick cream. The mussels were home-made, sugar-free, and full of bran and wheatgerm. It reminded me of the pleasant, bran-mash for horses. I ate large helpings, knowing such greed was justified on health grounds.

The ham at lunch was oak-smoked local ham ("It's so sad," says Myrtle, "he sells his production to a firm that labels it along with mass-

produced waterlogged stuff when it could be a speciality. But he says there's not enough local market and he can't distribute it"). The corn-fed chickens came from less than a mile away.

One morning I saw Hazel, wearing a dirndl skirt and wellies on her firm, a wicker basket full of new-laid eggs still covered in dirt and straw. She looked like a Come to the Real Ireland advertisement, except that her plastic apron

said "Don't nag. I've had a tiring day."

They all have tiring days. In the visitor's eyes such a life looks like the height of romance — making loganberry jam for the breakfast pots, gathering chives from the garden, or eggs from the farm, mixing the soda bread or champing the tattie (can that be right?). But Myrtle admits it's hell too. She seldom finishes before midnight (it was 2.30 before she'd got the revellers out of the bar one night when we were there) and the Ballymaloe day starts at 7 am.

It may be hell but it's a hell she's obviously addicted to. One day she sneaked off to Cork to check out a restaurant she has dreams of buying although she's no "dinner" money and none to run it. "I know it's mad. But it could be such a wonderful restaurant. I know I can't have it. But I've got to look at it, haven't I?"

● Champy

6-8 potatoes

1 cup chopped spring onions or ½ cup chopped chives

Approx 1½ cups milk

2-4oz butter

Salt and pepper

If onions are used, cook until soft in the milk. Peel and mash freshly boiled potatoes and mix with milk and onions or with hot milk and raw chives. Season to taste.

● Colcannon

6-8 potatoes

2-4oz butter

1 head of cabbage

Approx 1½ cups of milk

Salt and pepper

Scrub potatoes and boil in salted water. Drain, core and finely grate cabbage. Put down into a large bowl. Boil water and rapidly turning potatoes until cooked and the water has all evaporated. Peel potatoes and mash with milk. Stir in cabbage immediately and beat very well. Taste for seasoning. Serve in a warm dish, halving the centre a little. The butter is placed in the hollow to melt slowly into the vegetables.

● Leek, Potato and Cheese Pie

8 leeks

2 potatoes

1½oz butter

Salt and pepper to taste

2 cups cheese sauce

1 clove garlic crushed

2 tablesp. grated cheese

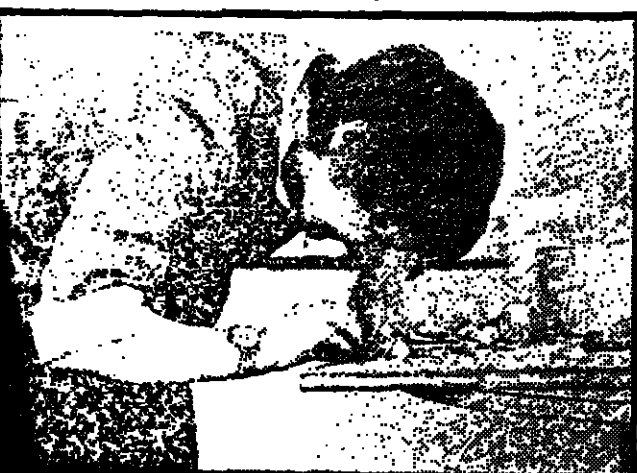
Serves 6-8. Wash leeks and cut into rounds ½ inch thick. Peel and cut up potatoes to match the leeks. Melt butter in casserole. Toss vegetables in it and season them. Cover with water and simmer for a heavy lid and bake slowly until soft. Make a cheese sauce, adding a little crushed garlic to it. Mix with the vegetables and top with more grated cheese. It can be left like this until required. Cook in a moderately hot oven until heated through and brown on top. Reg 5 or 6. 350deg 40mins. (made with 3oz. milk, 2½ cups milk and 1½ cups grated cheese).

Recipes and Mel Calman drawing from Myrtle Allen's Ballymaloe Cookbook. Eyre Methuen, out of print.

OFFCUTS

Learning process

NATIONAL Eating Out Week — the nine days that cooked the world — seems the time to salute the appearance of a book which should do much to ensure that the next generation of British kitchen craftsmen and craftswomen are better taught than the last. Daniel Stevenson's Professional Cookery: the process approach (Hutchinson Education, a 400-page large format paperback at £7.95) may at last set off some of the sloppily published, endlessly reprinted manuals — neither literature nor science — that go far to explain why British cooks perform as they do in restaurant and canteen alike.



Hannah Wright — "technical progress often means regress"

Fingertip control

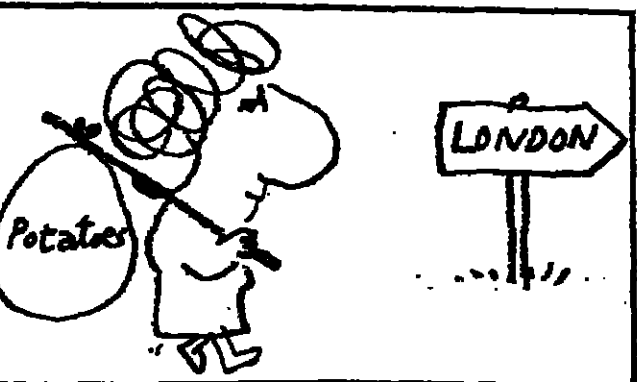
A KITCHEN of a very different sort was demonstrated in London last week by a cook who has become well known to readers of this page — has been found a permanent home in the Disabled Living Foundation showroom at 380 Harrow Road, W9, because it displays or refers to over 300 items suitable for the blind and visually handicapped.

The designers are Hannah Wright, a successful restaurateur before she lost most of her sight — and a social worker in the field, Margaret Ford.

The kitchen is tiny, and people who want to visit it on their own or others' behalf

must make an appointment with DLF (tel. 289 6111). Many of the appliances are an object lesson in applied thought. Jeffrey Burnard's thodum-wire-pronged buzzer that gauges the pouring first of milk, then of tea, into a cup; the sugar container labelled four ways (by colour, by label, by a starting point of the surface, and by Braille where the fingertips find the inside of the handle); and simple strips of wood which achieve an even thickness of pastry.

But as Hannah points out, technical progress in the kitchen often means regress for the blind. The fashion is for digital display, not tactile dials; and where is the kitchen scale with a bowl that pours?



Ballymaloe postscript

MYRTLE ALLEN's stories about her waitresses are as entertaining as her recipes. There was the student nurse who had to go because she could never learn not to shake the bottle before pouring a glass of wine... And there was Eileen who left without notice to try her luck in London only to be back at Ballymaloe within the month

"Why did you come back again?" "I couldn't eat the potatoes," she sobbed.

British visitors to Ireland will know how she felt — and as gardeners, perhaps, note Mrs Allen's remark, "British Queen are the ones we like to eat in summer and Keri's in winter."

Christopher Driver
Food and wine editor

Wine drinkers deserve better treatment

As a restaurant wine critic, Aileen Hall tries to do drinking to Eating Out Week



1985 is The British Film Year. May 2 to 11 is National Eating Out Week — a series of events which could count. Both campaigns are trying to persuade us to go out to do something which can be enjoyed more cheaply and comfortably at home. As a regular amalgam of restaurants and cinemas, I find they have many faults in common: prices spiral upwards faster than quality, surroundings are often a curious amalgam of the squalid and the overblown, temperature and noise levels are apparently uncontrollable, seating is cramped, chairs are non-ergonomic, and if you are a non-smoker you are packed into a second-class area, the equivalent of "below the salt" at medieval tables.

In restaurants, a major hurdle (the water jump) is getting something to drink and when you want it. Wine drinkers, who contribute handsomely to the owners' profits, deserve commensurate treatment. They seldom get it. The chief discontents are the prices of wines, the format and scope of the wine-list, and the competence of the service.

It is now virtually "traditional" that restaurants charge 100 per cent mark-up on wine. The case for this can be argued — and it is now worse in France — where restaurants who have experimented with a fixed mark-up — say, £2 a bottle on the cheapest wines, £5 or so on the more expensive — report no falling off in sales, and even an increase in consumption of the better wines.

In an attempt to be all things

to all men, many wine lists are too long, cover too many wine-growing areas and include undrinkable and/or great names simply to show off. It also seldom convey information of any use.

Unless an establishment is vast and distinguished, or its proprietor a serious wine-buff, it would be better to have a relatively short list of appropriate wines. If the food is coarse and ethnic, for example, let the wines match it. If the emphasis is fishy, offer a variety of white wines and only a few light reds. If, on the other hand, the wines are more remarkable than the food, ensure that the menu includes some simple dishes which will not overwhelm them.

The wines should be named correctly, and the current vintage in stock given with alternatives. Remember that with most cheap wines, not exclusively whites, younger means better. The source should be indicated where appropriate: Mateus Rose is Mateus Rose is Mateus Rose, but wines from Burgundy and Italy, to name but three, can vary from undrinkable to delicious depending on who produces them.

Some of the most useful lists arrange wines by taste and style rather than by geographical area: "medium weight, aromatic white" tells us more than "Loire". Concise and accurate tasting notes help too: if a restaurant can't compose the list, the merchant should be asked.

House wines pose several problems. There is no excuse for their being anonymous and nasty when every supermarket has a fine of reasonably priced bottles for most tastes but decent drinking. Restaurants may prefer not to name their house wines on

the list since they may be changed frequently as one supply dries up or a better one is found, but the staff should be able to describe what is currently on offer.

Decent (or better) wine by the glass, and a reasonable number of half bottles make it possible to plan a civilised evening. It is frustrating to have to settle for one bottle of not entirely appropriate wine, because two bottles would be



"You may consider our service charge exorbitant sir, but it does include the wine waiter giving short notices from Ogden Nash between courses"

too much and nothing in smaller measure is available. Opened bottles of sweet wine take quite kindly to two or three days in the fridge (not more), so they are particularly well suited to being offered by the glass.

When it comes to the actual drinking there are still hazards ahead. Bizarrely shaped glasses smelling of detergent or drying-up cloth are all too common. What we want are clean, sensible tulip-shaped bowls on thin stems. In an informal place, a standard Paris goblet on sale

everywhere at under 50p) is perfectly adequate, but it should be the 8 fl oz size, just over half full, so that the wine's bouquet (if any) can be appreciated.

With good judgment as opposed to luck the wines will arrive at suitable temperatures: whites chilled but not frost-bitten, most reds at (pre-central-heating) room temperature.

Timing is tricky. Most wine-lovers like to have the wine-list presented with the menu when they first arrive so that they can plan both food and wine at leisure. An order for wine as an aperitif should be acted on promptly, and the wine for each course should reach the customer before the food does. For your part, you should check that you are being offered the correct bottle before it is opened, and that the wine tastes basically healthy. Whether you like it or not is irrelevant to this particular ceremony, though a conscientious restaurateur or sommelier should be interested in your comments.

As a host in a restaurant, my heart sinks when one guest orders food which requires white wine first, red second, and another wine third. All too often an unthinking waiter pours all the white wine out for everybody with the first course so that the main course fish eaters are left with nothing and a second bottle is required.

Some waiters anyway think it's their job to hover, topping up glasses as though they had shares in both restaurant and wine firm. The ideal, surely, is to have the first glasses of both wines poured for the tasters by the waiter and then be left to get on with it. Good wine service — which at 100 per cent mark-up you are entitled to demand — includes knowing when not to serve.

Joan Sallis on how she learned to stop worrying and eat her way out of pain

A safe diet for busy fingers

"HOW'S your arthritis?" "Fine, since I stopped eating junk and learned to shout and swear."

Two years ago it came on, the arthritis in my fingers. It began suddenly and developed rapidly. An aunt whom I resemble started just like that at my age, and although she lived, it was the word, a very long time, she was soon painfully crippled in every joint. Because now, two years on, no other joints are affected and my hands are on the whole much better, I am writing for all those who fear the apparently relentless advance of this incapacitating disease, which attacks young and old, even babies, even dogs and cats.

My experience may especially console those — writers, painters, musicians, or even humble bread makers and knitters — for whom the prospect of incompetent hands induces near-panic. I felt that panic, but I don't any more because I believe I have some control of the pain through what I eat and how I behave.

What had been happening when it all started? I had over-used my hands before Christmas. I had had some tension and stress at Christmas. I had tried to lose weight, afterwards. In the effort I had consumed a lot of low calorie soups, but that didn't seem important at the time.

Two things gave me hope. One was the very sudden

onset of the trouble. The other was the way the pain varied day by day. To all those who have an ailment the doctor will say, "What does it do?" The answer may be different for you, me, my aunt or the dog. But perhaps there is an answer. I kept a simple record of the pain level each day, with the weather, what I did, my mood, and my diet. There seemed to be no connection with the weather or how much I used my hands. I could be free from pain on a cold day when I cleaned the oven; and very bad lying in the sun. A question mark remained over mood, and an even bigger one over diet.

If you are willing to fast for three days, I thought, you'll soon have some idea whether your rash, lump or pain is sensitive to what you eat. Then I thought, why not exclude all the suspect food groups for a while? A tall order, since the suspect food groups I'd heard about were: meat, dairy products and fruit, wheat, citrus fruits, members of the deadly nightshade family (tomatoes, potatoes and capsicums).

It wasn't all that hard. I meant living on fish, grains other than wheat, and all vegetables other than those mentioned. You can make delicious porridge with soy milk. You can thicken soups with many things beside wheat flour. Fish and vegetables are amazingly varied if

you concentrate on them. An occasional handicap (like finding the shops shut or your son becoming vegetarian) is good for you. When this experiment produced spectacular results I embarked on the patient process of restoring items one at a time.

Some arthritis will have discovered that they are better off without cheese, say, or meat or oranges. My own joints did not seem to react badly to any natural food. But they were acutely sensitive to all chemical additives, especially monosodium-glutamate (remember the law-galorie soups), salicylates (used to cure meats and as preservatives in some soft cheeses — but not French cheeses), preservatives of all kinds, and artificial sweeteners.

There were many false trials. Not wheat, but all commercial white flour, so full of "improvers," causes trouble. Cheese was a mystery, until I read the Order about permitted preservatives. I thought I'd have to become vegetarian and eat total, until I narrowed it down to delicatessen meats, and not the gin but the tonic — even the sugar-sweetened kind has artificial sweeteners too, but not in France, not even when bottled there by you-know-who. Mayonnaise? I could eat the home-made kind. I raged against the multiplication of additives.

Feelings are the difficult

bit. I wish I were a chemist, to investigate what the chemicals, in food and those released by emotion might have in common. I do not believe that there is an artificial personality — though not all sufferers will have it — which is too difficult, too interventionist, prone to guilt, perfectionist, to work and relationships, sensitive to a self-indulgent degree, above all too self-controlled and unable to express anger or resentment. That is why I had to learn to shout and swear, if only silently.

To understand it to have, "dangerous" corners can be avoided. Feelings can be released. The help of someone near can be humbly sought. Ever, however, if one uses that power to decide not to change, to let the situation take its destructive course, to bottle up the feeling, to let pride obstruct the plea for help, it's still different once you understand it.

It may even be right sometimes which will bring pain, just as it is right to eat the food so lovingly prepared and take the consequences. You know why you have the pain, you know you won't last for ever, you know you chose it. There is no need to panic. You decide not to shut up your dear old father, just as you decide not to ask "is the mayonnaise home-made?" You are not a victim any more.

Passing the parcel

THE rage in the new fashionable Chinese restaurants is diced meat wrapped in lettuce and eaten with your fingers. This dish is used to figure in the scruffy hieroglyphics on the menu meant only for Chinese customers. No more. It is the hot thing to eat in Chinese restaurants in America, I am told, and so here at the moment, I eat the very best and most succulent of this sort of thing: pork spare ribs and sesame prawn toast.

A rival is on the way. And very sociable it is too. One diner plays mother, loading up the packet of chicken with spoonfuls of meat and passing them round.

Usually the meat will be called quail though in some instances this is another way of saying chicken or pork. Quails are small birds and a pair would have enough meat for one person only, so it needs to be made to go further with some little frazzles of diced and stir-fried meats.

At the Fung Shing in Soho the meat is diced into little shreds along with wind-dried sausage and water chestnuts. The sausage can be bought in any Chinese supermarket and needs a gentle steaming. To eat it cold is to realise the full implications of its composition. When the Government brings in its latest food safety will read Fat with Sausage. After steaming, a thick layer of grease forms in the pan and seeps.

But the Chinese like to use fat in a delicate way and make use of its sweetness to magical effect. The amount you get when diced with the quail meats is unlikely to take you over the NACNE limit for the week, but it adds a piquancy that is more than mere seasoning and lends its succulence to the rest of the meat. The water chestnuts take the taste as well and also give texture. The lettuce gives bite and a freshness. It has to be iceberg. Webb's hasn't got the crunch.

A few doors down Lisle Street is Mr Fung Shing's Siamese twin — you can hardly tell the menus apart. Fung Shing is green and a shade smarter in that it is definitely a restaurant where Mr Kong is red and more of a

very upmarket cafe. The hot pot dishes tend to be a good bet here, too, while the quail has come with some smokedysters in place of the wind-dried sausage. Their succulence and subtlety lead to an extra dimension. This was an idea I first heard from Yan-Kit So, author of *Classic Chinese Cookery* (Dorling Kindersley, £5.95 reviewed here by Colin Spencer, November 2, 1984). She includes a similar recipe for diced chicken that is first marinated in sugar, salt, soy, sesame and ginger, then fried with garlic and spring onions. You need a good supply of spring onions to go with her book.

Variations are potentially numerous — orange peel, plum, chestnuts, bacon, kipper etc.

At Zen which is still probably the furthest up market of all the new generation Chinese restaurants and also one of the best when chef Young is there and not busy at one of his other two restaurants (Zen, Too and I Ching), the diced quail appears on a bed of noodles. This is emulated at Henry Wong's restaurant in Harborne, Birmingham, set in what must have been a pub opposite the Royal Bingle Here it is called Yuh Shuk, diced white meat with the lettuce for wrapping. Other dishes have been even better — fillet steak with ginger and black beans, a dry version of lemon chicken, pak choy with oyster sauce. Only the very best, however go for a glass of the mai tai at £1. If you know potheen you will be close to the spirit. One measure in a liqueur glass will probably go around a table of four, or five, or six.

Details:
Fung Shing, 15 Lisle Street, London WC2. Tel: 01-437 1539
Mr Kong, 21 Lisle Street, London WC2. Tel: 01-437 7941
Zen, Chislet Clusters, Sloane Avenue, London SW3. Tel: 01-589 1781
Henry Wong's, 283 High Street, Harborne, Birmingham. Tel: 021-427 9799

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Drew Smith

Honest bottle

SAINSBURY'S Vina Alberdi Sin Crianza is a Spanish red from the Rioja Alta. Made much in the same method as the region, and only lightly aged (sin crianza), its oakiness is positive but not overdone; it is round, but not

ponderous. A highly skilful piece of wine-making, it balances fruit and tannin perfectly, and has a piquant dryness after-taste. Tasty with meat or cheese. It is altogether a striking money-worth at £2.25 a bottle from Sainsbury's.

John Arlott

EATING FOR HEALTH

Christopher Robbins

Based on the NACNE Report: a sound, straightforward, no-gimmick guide to healthy eating. £4.95

GRANADA

When there's trouble in New York you don't have to wait to feel it in London



NOTEBOOK

Edited by Hamish McRae

IT WAS one of those days when chickens come home to roost. But they were all

rather different birds and so it is unwise to try to draw any firm conclusions, bar one.

There were four different chunks of bad financial news, three concerning American institutions, one British. Two can be dismissed quickly as quirky problems, uncomfortable for those involved, but not in a way unexpected.

The guilty plea of the US broker, F. Hutton, to fraud charges in the US relates to events some years back and while the totality of the sums involved look large, the scale of the actual provisions made by the company are limited.

Much the same can be said of the revelations about Minet. However, one feels about the whole PCW experience, and the way Minet had handled it, it is at least unsurprising that yet more vast

losses should be uncovered. If these are the result simply of bad underwriting, as is maintained, then that is the way Lloyd's works. There are losers as well as winners.

Minet's own provisions are relatively small. If something worse is discovered, then we would be back into a sadly familiar tale. At some stage the regular discovery of yet more losses for whatever reason is going to stop, but it is difficult to be confident that we are there yet.

The two sets of banking problems, from Wells Fargo and Bank of Boston, are qualitatively different.

It is not all clear just why Wells Fargo should take such a dramatic step as shutting down the bulk of its international operations. Anyone who recalls the fanfare with which the bank opened in London would find it

hard to accept that there has not been a pretty serious problem to make it change its direction in this way.

Wells Fargo says that it did not lose money on the foreign exchanges, but recent gyrations of the markets cannot have made life easier, and the market believes that somewhere at least substantial losses have been incurred. It seems prudent to expect further announcements from other banks.

Does the withdrawal of Wells Fargo from London hurt the City as an international financial centre? At the margin, yes. But you have to remember that the whole focus of international finance is shifting away from London towards the other major financial centres. For every bank that leaves London a half-dozen securities firms are likely to move in.

Finally Bank of Boston:

here the problem has been the New York bond market, though the bank denies actual losses have been incurred. Now this might seem a long way from London, but actually it does have a relevance for what is happening here.

In the US the enormous growth of the budget deficit has enormously increased the size of the government bond market: the pool of securities is much larger, and the constant flow into that pool further depresses yields.

The techniques of trading are perfectly established, but when you get a market expanding suddenly, you suck in participants which inevitably lack the experience to cope. Even if the institutions may hold collective wisdom enough to run the market there will be individuals who have been plunged in without sufficient experience.

and some institutions' control systems will fail to pick this up.

The relevance to London, of course, is that we are to have a completely new bond trading system next year. We are going to have to go through a learning experience. There will not be the sudden surge of supply of securities that has occurred in New York, but the trading volumes will presumably rise quite sharply as more capital is unleashed on the market. Someone is going to lose money.

tranches of existing stock than to create a market for new issues. Britoil is a bankable asset, and should be a relatively easy one to clear.

The obvious follow-on is part of the Government's remaining holding of British Petroleum, which is the nearest thing to an equity tap-stock that the authorities could have.

It is a question of the right sequential order of sales of the various assets, and if the recent experience of British Telecom, British Aerospace and British Airways has shown anything it is that it is a slight easier to get established assets away than it is to sell off assets for which there is as yet no market. Put at its lowest, the Britoil announcement, then certainly takes pressure off the British Airways float.

The market has become so

accustomed to the string of privatisation issues, that you begin to wonder how it will cope when the stream dries up. Of course, like the North Sea oil companies, they seem to keep discovering new fields to drill. Thus five years back no-one would seriously have thought of British Gas being privatised. Now people are beginning to ponder the possibilities of the CEBG.

But of course dominating the whole equity market for the last part of the year will be the unsold equity of British Telecom. It is now worth \$63 billion, but cannot be sold until 1988.

So it can't be sold until after the election. But eventually BT could perhaps become even more bankable than BP. Mind you, the election might create a little local difficulty.

Fit of nerves for US finance markets

Hutton of Wall Street admits huge cheque fraud

From Alex Brummer in Washington

Fears about the stability of the American financial system sent shock waves through the investing up to \$4 billion of yesterday as one of Wall Street's largest investment houses, E. F. Hutton, pleaded guilty to a huge cheque fraud involving up to \$1 billion of transactions. Its shares were temporarily suspended on the New York Stock Exchange pending the announcement. About 10 officials were said to be involved but they were not named.

The E. F. Hutton disclosures came as two of the country's largest banks announced that they were closing down important activities. Wells Fargo of San Francisco is shutting down international operations including its branches in London and New York. Some 55 jobs will be lost in the City of London, out of 300 employees being laid off worldwide.

The uncertainty on the financial markets was increased when Bank of Boston — which was recently acknowledged that it had been conducting "laundering operations" — announced that it was pulling out of the government securities market where several smaller firms have recently run into trouble. Bank of Boston said in a statement that the company had not experienced any losses in the government securities business and

that the move reflected a change in strategy.

By far the most serious of yesterday's developments in the US financial system was the problems at E. F. Hutton which affect more than 400 commercial banks across the country. The broker, which in recent television advertisements, has said "When E. F. Hutton speaks the world listens" certainly assured that this was the case yesterday. In one of the largest fraud cases ever handled the Justice Department announced that E. F. Hutton had agreed to pay some \$2 million in fines on no less than 2,000 criminal charges.

The Justice Department said last night that the essence of the charges against E. F. Hutton was that the house obtained millions of dollars of interest-free money "by intentionally writing cheques in excess of the funds it had on deposit in various banks."

It said some \$4 billion of transactions were involved, some 400 banks and that Hutton had agreed to establish a special fund to make restitution to those financial institutions which have suffered losses.

Most of the current criminal settlement stems from investigations conducted in the late 1980s, and continued through February, 1982.

The Justice Department com-

pared the E. F. Hutton scheme to a "cheque kiting" under which Hutton withdrew funds from accounts arbitrarily irrespective of the amounts of its customers' funds it had deposited.

Hutton's latest troubles come on top of a court settlement under which it and other securities firms agreed to pay customers some \$140 million for losses they sustained in the collapse of Baldwin United. Hutton's share was \$24 million. The firm said yesterday that it had already provided for all the restitution it will have to make from the separate fraud scheme involving 400 banks.

The closure of Wells Fargo's London and New York operations, together with its six representative offices in Manila, Madrid, Taiwan, Bangkok, Kuala Lumpur and Jakarta represent a major withdrawal from the international financial markets. The decision took Wall Street and the foreign exchanges by surprise despite recent rumours of losses of up to \$50-90 million being incurred.

The combination of yesterday's events together with recent problems in the Ohio banking system and at government securities brokers is likely to add to serious nervousness about the US financial markets.

The dollar lost a cent because of the stories which flew round after the suspension of EF Hutton shares.

State's stake in Britoil for sale

By David Simpson, Business Correspondent

THE GOVERNMENT revealed yesterday that it is to cut its direct interests in the North Sea yet further this summer by selling off its remaining 48.9 per cent stake in Britoil, the former state oil corporation, to raise almost \$500 million.

With the elimination of the government holding in Britoil, the only real involvement the public sector will have in Britain's North Sea oil closures is a 21.7 per cent stake in British Petroleum which the Government is already pledged to sell.

The news of the sale of the Britoil holding was broken by the Chancellor, Mr Nigel Lawson, in a written parliamentary reply.

The announcement came just one day after the Treasury had unveiled the terms under which it is selling the balance of its holding in another former state corporation, British Aerospace, to raise \$263 million towards its 1985/86 funding programme.

The decision to sell the Britoil stake is to take place this year, partly because of the plans to privatise British Airways in the current fiscal year.

The BA stake, already postponed from February because of the legal actions brought by the regulator of Laker Airways, would almost certainly take the government well over its 1983-4 funding target as a result of the decision to "sell off" the Britoil stake.

The Treasury is committed to raising \$2.5 billion from public assets sales this year and, apart from Britoil and British Aerospace, already has a £1.2 billion earmarked from the second tranche of the British Telecom flotation, due next month.

A number of other disposals are already in train, including the sale of the National Bus Company which is forecast to raise \$400 million, and the remaining warship yards which could raise \$150 million.

The sale of the Britoil holding to the asset sales already announced takes the government funding right up to its fiscal year target, without any contribution from BA which is valued at \$1 billion.

Yesterday, Britoil's market share price stood at 218p, only 9p above the 1982 offer price, and unaffected by the Chancellor's announcement which came after the close of business.

PCW names face £60m bill

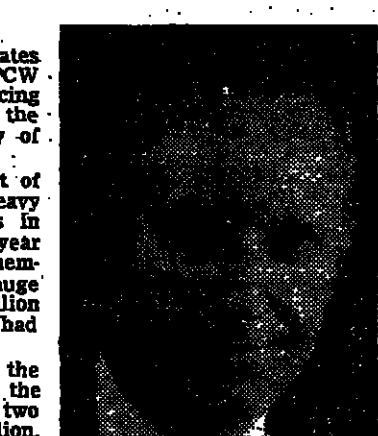
By Mary Brasher

Lloyd's names on syndicates managed by the former PCW underwriting agency are facing a bill of £60 million for the worst losses in the history of the insurance market.

The losses are the result of bad underwriting and exposure to liability risks in the US, but come only a year after the same Lloyd's members were asked to pay huge cash calls because \$38 million of the syndicates' money had been misappropriated.

The latest crisis brings the total losses reported by the syndicates in the last two years to nearly £100 million. Individual names will receive letters this morning asking them to pay up to \$500,000 by the end of June to meet claims. A few members face even larger bills because they participated in more than one syndicate.

The problems of the agency, now renamed Richard Beckett Underwriting Agency (RBUA) are likely once again to jeopardise Lloyd's ability to pass its annual Department of Trade audit. Lloyd's has extended the deadline by which names must show themselves solvent from the end of May to at least the end of July, but still faces de-



Minet's Ray Pettitt

faults by some names as a result of the substantial RBUA cash calls.

The problem is likely to continue running well beyond this summer as indications are that the 1983 and 1984 years of account will also show horrendous losses. In order to curtail its own exposure to the difficulties of RBUA, the agency's owner, Minet, said yesterday that it was shutting RBUA down at the end of this year.

The 1,500 names on syndicates managed by RBUA will have to be transferred to new agencies, although as yet none has been found willing to take them on.

Minet has charged \$8.3 million against its 1984 results for the costs of running the agency and in provisions for any litigation Minet chairman Mr Ray Pettitt said the group has no liability for the PCW affair. The charge (made below the line, produced a net loss for the year of £1.5 million for Minet although the group pushed pre-tax profits from its mainstream broking business up from £20.4 million to £23.3 million.

RBUA is now trying to assess the extent of losses since 1982 and will be reporting back to names later this month. The syndicates concentrated on risks like asbestos and pollution where damages awarded recently in the US have been high. In 1983 and 1984 as in previous years about half the syndicates' business came from US liability.

Angry names who were forced to sign away their rights of legal redress in order to have their losses funded by Minet last year are also looking carefully to see if there is any evidence of overwriting or poor reinsurance selection which has exacerbated the syndicates' position. A steering committee which is seeking to represent around 500 names, who include Aduan Khoshogari and the Duchess of Kent, is confident that legal action will be possible.

Inchcape rides high on trade with China

By Andrew Cornifolius

Inchcape, the London-based international trading group, is beating the Japanese at their own game, by taking a healthy commission on sales of Toyota cars to China.

Using contacts with China first developed during the last century Inchcape is cashing in on the new trading opportunities which have been created in the fast-growing free trade zones which have been established in southern China.

Last year Inchcape increased its two-way trade with China by 25 per cent to \$100 million. Apart from selling thousands of Toyotas through its Hong Kong motor business, Crown Motors, Inchcape also made handsome commissions by acting as a "middleman" for British companies wanting to do business in China.

Mr Dick Chen, who heads Inchcape's China trades, last year helped Shonin Brothers, the Belfast aircraft manufacturer, negotiate a \$30 million order and is now working for Unilever, which is keen to

build a new detergent works in China.

Other Inchcape companies buy rice, textiles and household goods from China and sell them overseas.

Sir David Orr (formerly chairman of Unilever) and George Turnbull (previously with Fiat), the new management team at Inchcape, are excited about the possibilities of using the group's know-how to boost trade with China.

Sir David headed an Inchcape trade mission to China last year which should result in contracts to modernise and manage ports.

"We have got a jolly good team, originally based in Hong Kong, which acts for companies which do not have the time or ability to open doors in China that we have," he says.

Inchcape's 1984 results, announced yesterday, reflect the growing importance of the Chinese trade and also the tough management to rationalise the group. Pre-tax profits reached £78.9 million, against £53 million the previous year.

Beecham builds up

By our Chemicals Correspondent

Beecham, the UK pharmaceuticals and consumer products group, yesterday announced a \$40 million investment at its existing antibiotics complex at Irvine in Scotland.

The decision marks the single biggest investment in new plant of any kind that Beecham has made in the world. The facilities, which will create 150 permanent jobs, are being built by two UK construction groups — John Brown and Humphreys and Glasgow — and will be completed by 1987.

Beecham said yesterday that it needed the increased capacity to cope with worldwide demand for its two latest antibiotics — Augmentin and Timentin — which are enjoying strong growth in the United States after a slow start among British doctors.

The new plant at Irvine will produce potassium clavulanate, the patented compound which surrounds the active ingredient of the antibiotics so that they can destroy bacteria before the bacteria's own enzymes make them inert.

Beecham's decision to expand in Scotland follows a similar move by Glaxo, Britain's most profitable drug company, to enlarge its antibiotic plant in Cumbernauld. Both investments contrast sharply with claims by foreign drug firms that they will wind down involvement in the UK because of the drug tax cuts and a "black list" of prescription medicines.

Beecham is already developing a new antibiotic with stronger inner defences that could make the potassium clavulanate ring obsolete for some treatments.

Fleet fires broadside at United

By Maggie Brown

Since 1981 UN has spent £150 million, mostly on the good will of new titles and magazines, taking shares in issue from 14.6 million to 73.8 million. It also says that the suggested price United might be prepared to pay — it has not made known its outline terms formally — of around 200p a share points to a "serious misunderstanding".

United's part of the full extent of strength of Fleet's business is worth 154p per share.

Fleet and its advisers, Kleinwort Benson believe a fair takeover price with a pre-

Underlying rise in UK foreign reserves

By our Financial Staff

For the second month running the Bank of England has used the weakness of the dollar as an excuse to sell pounds and buy other currencies to build up the foreign exchange reserves.

Britain's official reserves rose an underlying \$181 million during April, out of an overall increase of \$487 million. The underlying figure gives a rough indication of the extent of Bank of England intervention on the foreign exchanges.

After selling dollars heavily during January and February the Bank switched to reverse

India cancels Westland order

From Eric Silver in New Delhi and David Simpson in London

A political row between India and the UK loomed yesterday following a decision by the Indian premier, Mr Rajiv Gandhi, to cancel a \$85 million order for helicopters from Britain's troubled Westland group.

The cancellation of the order, for 21 of the group's new WGS30 helicopters, has been rumoured for some time, and last week provoked the Minister Overseas Development, Mr Timothy Raison, into threatening to withdraw aid if Britain is supplying, if the contract was scrapped.

The UK is providing India with aid of \$115 million this year, its largest bilateral aid programme, and \$46 million is earmarked for the Westland order. The balance of £20 million of the cost of the contract was to have been provided next year.

India cancels Westland order

Foreign Office officials made it clear yesterday that it might prove impossible to agree replacement contracts with India on which the \$45 million could be spent, and that it might thus be withdrawn.

An immediate row broke out between the two nations following Mr Gandhi's statement to the Upper House of Parliament that the WGS30 was not up to India's requirements, and that no letter of intent to buy the helicopters had ever been signed.

A spokesman for the British High Commission in Delhi, Mr Ronald Nash, disputed Mr Gandhi's contention that there had been no letter of intent and that conditions laid down by India had been met in full.

The cancellation of the contract puts even more strain on Westland, the recipient of an \$89 million "rescue" bid from a consortium of businessmen and institutions earlier this week.

Two WGS30 helicopters built specially for India are already completed, with three more well into production, and Westland, already heavily overburdened, must now try to find alternative purchasers for the helicopters.

A spokesman said yesterday, however, that it was unlikely that any immediate redundancies would be introduced among the group's 11,000 workforce as a result of Mr Gandhi's decision, but the cancellation of the Indian contract, and an expected decision by the Ministry of Defence that the WGS30 does not meet its needs, means that large scale job losses appear inevitable.

MPs hit at Japanese 'hijack'

Two senior Tory backbenchers warned yesterday that large scale bridge-building by British firms was now "in jeopardy" because of the way Japan had "hijacked" a \$450 million contract to build a second bridge over the Bosporus.

Mr Richard Hickmet (Scunthorpe and Grantham) and Mr Bower Wells (Hertford and Stortford), joint secretaries of the influential Tory trade and industry committee, said that at Bonn this week Mrs Thatcher should briefly tell the Japanese premier, Mr Nakasone, that "the time has come to put up the shutters against Japan — it stinks".

In the Commons yesterday the Trade and Industry Secretary, Mr Norman Tebbit, said that the credits and subsidies offered by Japan for the contract were incompatible with its trade surplus.

Mr Hickmet and Mr Wells said today: "It is quite apparent that the Japanese have no intention of opening their markets to European goods or competing fairly in world markets. The new Japanese imperialism has been highlighted by this contract."

The details of their predatory pricing policies and funding of Japanese companies by dumping credit at uncommercial rates at a cost to the Japanese Government of one hundred million dollars in this contract have come to light only days after Mr Tebbit's visit to Japan.

An apology

In our story on the Monopolies and Mergers Commission report on animal waste of April 9, we said that the pricing policy of the PDM Group had forced competitors out of business. In fact, the Commission found no evidence that, in expanding its business the PDM Group had pursued a policy of eliminating competitors.

The Commission said that PDM had never needed to pursue such a policy because the businesses which it had acquired had been freely offered to it. We regret that our article in this respect was misleading and actually incorrect.

BNOC lifts oil price

By James Ertlichman and Alan Davis

The British National Oil Corporation stepped into the market yesterday to increase the price of North Sea crude on the very day that the abolition of the state-owned oil company was being celebrated.

BNOC announced that it was raising the May price to producers of Brent crude, from \$27.50 to \$27.90.

Stockbroker Grieson Grant recently reported that production had been held back a day in 16 million barrels. And Mr Paul the first quarter oil analyst for Speeding, the oil analyst for the company, expects "North Sea prices to fall to \$27 or below in June."

BNOC lifts oil price

provides for the establishment of the Oil and Pipelines Agency as a small successor to BNOC. It will maintain the rights which BNOC currently holds under participation agreements to opt to purchase petroleum, so as to ensure security of oil supplies if necessary.

The new agency will be responsible on behalf of government for the disposal of all oil reserves in kind, from the oil companies operating in the North Sea.

The agency will have a board of seven, three and five members, Mr Kenneth Vaughan as chief executive, and Mr John Vaughan as chairman.

ICI chief backs square pegs

By James Ertlichman, Chemicals Correspondent

Britain's most outspoken and irreverent industrialist, Mr John Harvey-Jones, yesterday said that the government's attempt to force all the other square pegs who refuse (like himself) to be rammed into the round holes of the corporate workplace.

"Encourage their eccentric energy and the British will pull in harness to move industrial mountains," the chairman of ICI said. But force them to conform to corporate convention and they will, in defiance, use their talents to undermine the plans of their bosses.

ICI chief backs square pegs

Only last week Mr Harvey-Jones was the darling of many Conservative MPs, who lauded him for his wit, ingenuity and energy to defeating the intent of the systems with which we seek to manage them.

Fine words of the business school variety, perhaps. But Harvey-Jones did not stop with platitudes. "If one of our women employees has an unwell child," he said, "it should not be beyond the wit of our organisation to ensure that she can look after it." ICI employs 8,000 women in the UK alone and a company spokesman later said that sympathy for family problems extended equally to ICI's 50,000 male employees.

ICI chief backs square pegs

"We need to ask repeatedly whether the effect on our people is to get them willingly and freely to accept the challenge or to turn their wit, ingenuity and energy to defeating the intent of the systems with which we seek to manage them."

Many employees forced to do unsavoury jobs merely turned their energy and imagination to their personal pursuits after work. But unlocking this potential could, the ICI chairman admits, have some frightening and unintended consequences.

"If we actually managed to release the potential of our people would we in practice be able to handle the stresses and strains that would occur? Leaving aside the fact that we would find that almost certainly we were employing far more sheer numbers than we need to achieve our objectives."

NEWS IN BRIEF

Imported drinks in favour

HOME PRODUCED spirits such as whisky and gin are losing sales to imported high-strength drinks, especially rum and brandy, according to figures from the Wine and Spirit Association.

The imported products finished 1984 4.2 per cent ahead of 1983's total, while the home produced sector dropped by 2 per cent.

Among home produced spirits only vodka showed an increase.

The Brewers' Society said yesterday that beer production in March was up by more than five million pints.

ABOUT 400,000 shareholders are now thought to have the British Telecom shares they bought last November, the junior industry minister, Mr John Butcher, said yesterday. But about 81 per cent of these originally allotted shares at BT privatisation are believed to have held on to their stake, he said in a Commons written reply.

THE MINISTER for small business, Mr David Trippier, said yesterday that micro-electronics was only a realistic option for small firms in their products and production processes — it was becoming a vital necessity.

He said that only 28 per cent of British firms with between 20 and 50 employees used the microchip to automate production.

WEEK-END MONEY

IS BRITISH Aerospace a good point for small investors?

The first time shareholders who rushed in to British Telecom may be tempted to do the same with the latest government sell off. Weekend Money tomorrow advises on the best course of action.

THE MANAGEMENT consortium at the Brooke Marine shipyard, Lowestoft, has been successful in its offer to buy the company from British Shipbuilders. The terms of the purchase provide for an initial payment of £100,000 plus 1 per cent of the proceeds of specified potential export contracts within three years of the sale, and of any other significant contracts obtained within one year of the sale.

THE AMERICAN computer group Sperry yesterday introduced in Britain the Unix operating system as an option on all its computers, from the smallest micro to the biggest mainframe. It is the first big manufacturer to do so. Unix, the property of AT & T, destroys the traditional barriers of the industry enabling computers of different makes to talk to each other.

Can we cope with oil's decline?

THE UK's economic recovery was sustained in 1984, despite the depressing effects of the miners' strike. However, the economy now faces two new challenges. North Sea oil production is close to its peak and will soon start to decline. World trade is set to grow much more slowly in the next two years. How will the UK cope with these problems?

The Item Club met recently to consider this with the aid of the Treasury's model of the UK economy. It concluded that while there is a good chance of continued growth in domestic demand, accompanied by a modest decline in inflation and lower interest rates, the dual challenge to the UK's trading position will gradually sap the strength of the recovery.

In 1984 the UK economy grew by 2½ per cent, the third year in succession that growth had exceeded 2 per cent. This was a particularly creditable performance when the effect of the miners' strike, which knocked around 1 per cent off GDP last year, is taken into account.

In addition, the dispute added around £3 billion to the import bill, yet the balance of payments stayed in surplus. Less tangibly, the strike may have dented business and consumer confidence, and added to the pressure on sterling. But despite the gradual decline in the exchange rate, which pushed up import costs, inflation ended the year below 5 per cent.

At the end of 1984 there was growing optimism that, given a resolution of the coal strike, the UK recovery would enjoy a temporary jump to over 3 per cent, with stable inflation and declining interest rates. This would give the Government

With oil production likely to start falling after the end of this year, mounting problems are envisaged for the economy according to the latest Item Club forecast, interpreted by Mark Cliffe, Don Franklin and Rob Marshall

greater leeway to tackle the high and still rising level of unemployment.

This year was less than a month old before the balloon burst. A run on sterling threatened to endanger the Government's hard-won gains in the battle against inflation. Interest rates were raised sharply to restore confidence in the currency. The budget, although billed as a "Budget for Jobs", was framed in such a way as to reaffirm the Government's anti-inflationary zeal, and hence its anxiety to avert another downward lurch in sterling. The tax cuts of only £750 million compared with earlier expectations of as much as £3 billion.

Sentiment towards sterling was transformed. With the invisible dollar at last beginning to fall back on signs of weakness in the US economy and financial system, sterling recovered strongly. This allowed UK interest rates to edge down again, a process item believes will continue.

Coupled with the firming of sterling, this should allow inflation to fall, following a temporary jump to over 3 per cent in the second quarter of this year, to under 4

per cent in the first half of 1986. Inflation is also helped by the world picture of slower growth and the resultant dampening effect on oil and commodity prices.

Falling inflation boosts consumer spending power, and it is this which is the principal support for growth in the next 19 months, offsetting the depressing effect of higher interest rates and the tighter budget. Growth in 1985 is also boosted by the improvement in oil trade following the miners' strike and reasonable export growth stimulated by the currently buoyant world trade.

However, other components of demand are expected to weaken. The surge in capital expenditure in 1984 may prove to have been exceptional. It followed a rapid rise in company profits and probably reflected, in part, a catching up on replacement deferred during the recession plus some pull forward of spending to beat the phasing out of capital allowances.

Recent business surveys point to slower investment growth in 1985 and 1986. Stockbuilding is expected to remain subdued and the Gov-

ernment is aiming for lower public spending growth.

By the next budget, there should be clear evidence that growth is slowing. The Chancellor is committed to maintaining adequate growth in money GDP: this would imply a major stimulus in the 1986 budget.

The trouble is that any attempt to maintain monetary demand in any environment of slowing world trade and declining oil production will inevitably lead to balance of payments difficulties.

World trade is expected to slow significantly in 1986 and 1987 as a consequence of declining US growth and an inadequate response to this in the rest of the world. And with the UK's major trading competitors continuing to enjoy success in reducing inflation, it will be vital that UK exporters strive to remain competitive.

Sterling's recovery, good news for inflation, is a setback for competitiveness. Item expects UK export growth to decelerate sharply from 6 per cent in 1984 to around 2 per cent by 1987 as a result.

North Sea oil output is expected to fall from a peak of 125 million tonnes in 1985 to 110 million in 1987. Over the last three years oil has boosted the trade balance by an extra £3½ billion each year; over the next three years it will depress the visible account by about £1½ billion per annum, even if the oil price is maintained.

One way to maintain mon-

etary growth, while averting a balance of payments disaster, would be to encourage a rapid depreciation of sterling. This would enable UK producers of tradable goods and services to increase market share, so compensating for falling oil revenues and the weakness of export markets. The danger is that the benefits of a lower exchange rate will be frittered away in increased prices and wages. Growth in money GDP would only have been achieved by means of higher inflation, with little benefit to real growth or to the balance of payments.

This danger is clearly dominating government thinking. At the moment it appears to be attempting to hold sterling at current levels, and not allow even the gentle depreciation assumed in Item's central forecast.

With this in mind Item simulated on the Treasury model the consequences of pursuing a strong exchange rate policy, while at the same time allowing the Chancellor to attempt to maintain demand growth by a large tax cut of £5½ billion in 1986. Even this proved insufficient to prevent growth slipping to below 1 per cent by 1987, while the balance of payments moves into a deficit of £3 billion in that year.

If the Government is not to attempt to maintain growth by a weak exchange rate policy, it must be pinning its hopes on the effectiveness of its "supply side" policies.

Improving the operation of the labour market has become a central pre-occupation. But measures such as the changed structure for national insurance and amendments to employment protection law and wages councils are designed to improve flexibility, work incentives and reduce pay rises.

Similar thinking lies behind the Government's aim to cut income tax. Consequently, the scope for such micro-economic reforms depends in part on the room for tax cuts within the Medium Term Financial Strategy.

Item believes that the Government will enjoy greater success in keeping to its spending targets, having built into its plans large contingency reserves of £3 billion and £8 billion in the next two financial years. As a result there may be scope for tax cuts of £3½ billion in 1986 and a further £2 billion in 1987, of which income tax for tax cuts within the Medium Term Financial Strategy.

Cutting labour costs in this way helps reduce inflation, boosts international competitiveness and eases the relative cost of labour to capital. It also reduces employment (an effect that is now incorporated directly in the Treasury Model).

Item's forecast suggests that on this basis employment will rise by around 600,000 in the next two years. However, this is not enough to bring about a sustained reduction in unemployment. Unless the "supply side" of the economy improves more quickly than allowed for by the model, the performance of Britain's external trade will prevent sufficient growth being generated for the jobless total to decline.

Without pursuit of the high risk option of a sharp decline in the exchange rate, the only hope for lower unemployment in the UK appears to lie with a concerted OECD-wide reflation.

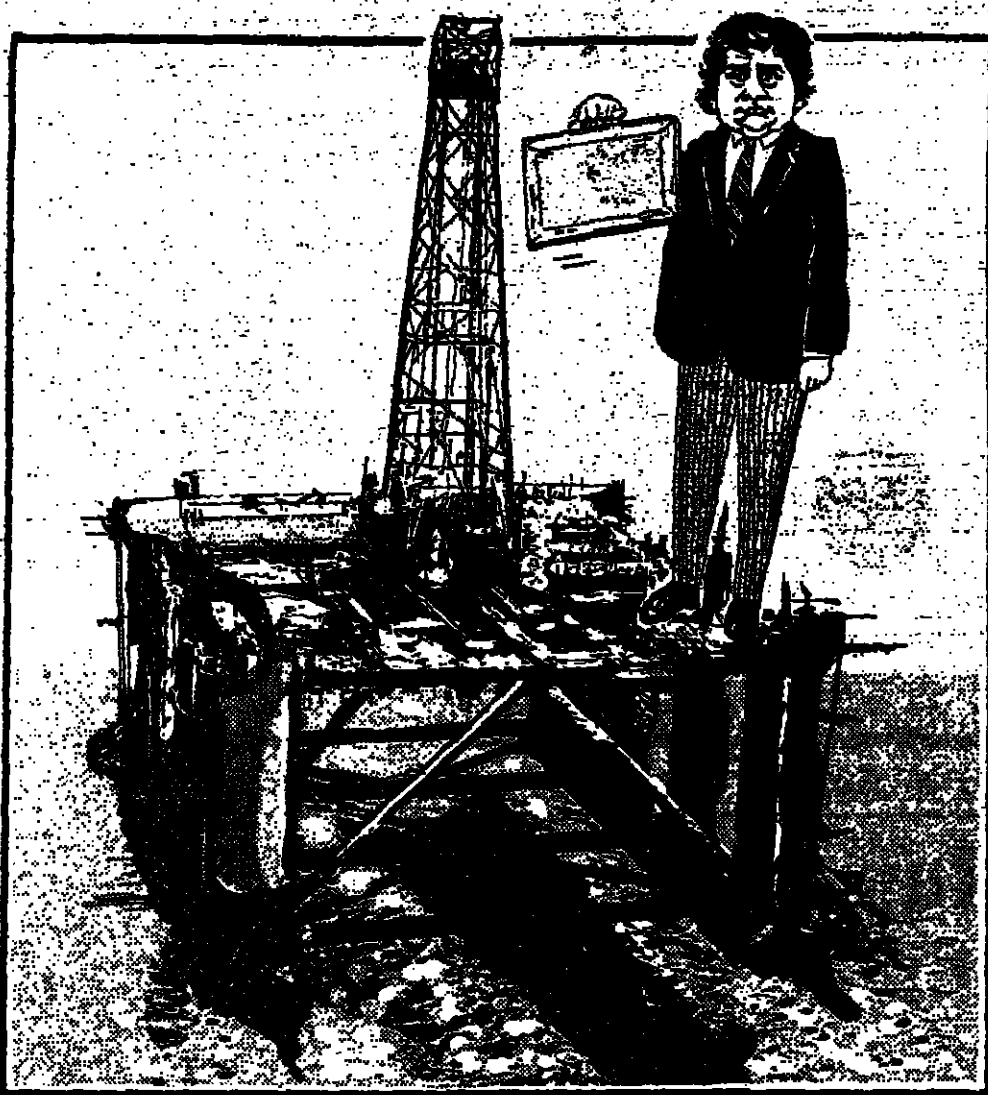
Even the Treasury accepts that North Sea oil output will decline after 1985. Yet there is scant evidence from official statements that the consequences for the rest of the economy are appreciated. When the Chancellor described the continued growth of the economy since 1981 as "unprecedented" in his budget speech, he conveniently forgot that this period also witnessed an equally unprecedented rise in the value of North Sea oil output.

In the period 1981-84 it added 1 per cent to growth, £5 billion to government revenue and £10 billion to the visible trade balance. In the same period the trade balance in manufactured goods moved from a surplus of £4.6 billion to a deficit of £3.8 billion.

From a peak of 125 million tonnes in 1985 we expect output to decline to 110 million by 1987. Even if it is assumed that the current world oil price stays constant in dollar terms and that the dollar/sterling exchange rate remains below \$1.30 (a higher rate would reduce the value of oil in sterling), the contribution of oil to the trade balance will decline from 1 per cent to £2.4 billion in 1985 down to £19 billion in 1987.

If the economy grows at 2 per cent a year from 1986 onwards, as the Treasury expects, and this expansion is based on the private rather than the public sector, it is likely that imports of manufactured goods will continue to rise at the current rate of about 8 per cent a year in volume terms, but with less oil to pay for them.

The Government may be pinning its hopes on a "supply side" improvement in the economy holding down import growth or maintaining the recent rapid rise in manufactured exports to, so to speak, pay for the imports. Few economists would put much faith in this, and the recent success in exporting can be accounted for by the rapid US dollar rise in world



trade growth which is not expected to persist. Even if sterling depreciates to bring about some improvement in UK price competitiveness, the non-oil trade deficit is expected to worsen by £8 billion by 1987.

A more likely area for improvement, however, is Britain's invisible balance. We have been more successful at trading in tourism, insurance and other financial services than in manufactured goods. Our surplus in this trade, currently £4 billion a year, may rise to £7 billion by 1987.

Britain will also derive increasing benefits from the trend towards heavy overseas investment of the last few years. The net stock of UK overseas assets rose from £23 billion in 1979 to £70 billion in 1984, and this will rise further. The net return on these assets currently contributes £2.5 billion a year to the invisible balance and could provide as much as £7.5 billion in 1987.

However, the improved invisible balance is not enough to compensate for worsening oil and non-oil trade. The current account is forecast to return to deficit by 1987, for the first time since 1979. And the deterioration is only curbed because Item expects economic growth to flag by 1987, in contrast to the Treasury's projection. A Britain with less oil looks increasingly like a Britain that needs a "supply-side" miracle or a much lower exchange rate.

The world will soon be suffering the consequences of the current slowdown in US growth. World trade rose by around 9 per cent in volume terms last year, but this

was largely due to a near 30 per cent rise in imports into the US, fuelled by a significant rise in domestic demand and the huge loss of US competitiveness caused by the meteoric rise in the dollar.

Such rapid, unbalanced growth was clearly unsustainable. There is now clear evidence of deceleration in the US. This, plus worries over the soundness of the American financial system, has in the last two months shaken the apparent invincibility of the dollar.

Item expects a continued decline in the dollar as the US becomes an increasingly less attractive haven for international capital.

Weaker domestic demand growth coupled with a falling dollar will lead to much slower growth in US imports. Nevertheless, the damage to the competitiveness of US industry and agriculture by the rise in the dollar will mean that the current account deficit will continue to mushroom. From over \$180 billion in 1984 it may exceed \$190 billion by 1987.

Slower US import growth will take away what was the main prop for the world growth in 1984. Item has analysed the implications for the rest of the world using the Treasury's model of the world economy. The main conclusion drawn is that unless there is a concerted reflation in the other OECD economies, only sluggish growth is in prospect with OECD unemployment rising a further two million by 1987 to over 30 million.

Fears of the inflationary consequences of a collapse in their currencies meant that the rising dollar kept the pressure on governments in

Europe and Japan to hold up their interest rates. But even though the dollar now seems to be heading down, they appear loathe to responding by cutting rates.

Fiscal policies remain restrictive while the dread fear of a resurgence in inflation still prevails and widespread calls for concerted reflation are so far unheeded. Without such countervailing action economic growth in Japan is likely to slacken as the growth in exports to the US trails off.

Even in Europe, which is less reliant on the US market, there may be only a marginal improvement on its recent 2 per cent annual growth rate.

Financial crisis in the Third World has been eased by the recent surge of exports to the US. With world growth weakening from now on and commodity prices, consequently, likely to remain soft, financial pressure on developing countries will intensify. Like certain Opec countries which are adjusting to lower oil prices and demand, their economies will have to restrain domestic expansion.

All of this is a recipe for a continued decline in world inflation. Even in the US inflation will remain subdued, despite a falling dollar, as it continues to enjoy the disinflationary benefits of the dollar's previous strength.

But despite the progress made against inflation and the consequent for unemployment of more sluggish growth, there is little sign of a change in heart by policy makers. Consequently the promise that faster real growth would follow lower inflation shows little sign as yet of being realised.

The Item Club is a group of practising economists from the private and public sectors which uses the Treasury model of the UK and world economies to produce quarterly economic forecasts that are not designed to support any particular theory or policy prescription. The club operates in association with Scicon, the BP computer services business (for further information contact Rob Marshall, 01-580 5599 ext. 2746).

London and Manchester Group plc

Extracts from the statement by the Chairman, Mr H L K Browne, F.C.A., on the Group Report and Accounts for 1984

I referred in my statement last year to the likely effects of the withdrawal of Life Assurance Premium Relief (LAPR) from new business and the intention to introduce newly designed contracts to meet clients' needs in the changed circumstances. While the loss of LAPR has undoubtedly had some effect on new business figures, particularly in the industrial branch, the overall results for 1984 now before you reflect, I believe, a very satisfactory response to a challenging year.

Consolidated Profit and Loss Account and Dividend
Income has been received from London and Manchester Assurance by transfers of £4,011,000 from the main life funds and £1,350,000 from the investment trust retirement annuity fund. The transfer from the main life funds includes a first contribution of £100,000 from surplus emerging within the segregated fund of mainly linked life business introduced through the life broker division.

The general branch loss after tax amounted to £486,000. The consolidated profit and loss account also includes the Group's share of the profit of the new associated company, London and Manchester (Mortgages) Limited of £277,000 and, for the first time, a transfer from the long term fund of London and Manchester (Pensions) Limited, amounting to £175,000.

Investment income for the year fell by £39,000 to £1,058,000 following the transfer of invested assets from the shareholders' funds arising out of the purchase of London and Manchester (Pensions) Limited by the holding company on 31 December 1983.

After setting off the expenses of management and taxation there remains a balance of £5,791,000 which has enabled your Board to recommend a final dividend of 14.00p per share (1983 11.48p). This, together with the interim dividend of 5.81p per share paid in November 1984, makes a total of 19.81p per share (1983 16.49p). After providing for these dividends the balance carried forward has been increased by £1,248,000.

Bonuses
The normal reversionary bonus in the ordinary branch has been maintained at 25.75 per cent of the sum assured while industrial branch bonuses have been improved.

A further step has been taken this year in the development of the complete bonus system by declaring additional reversionary bonuses of £1.50 per cent in the ordinary branch and £2 per cent in the industrial branch on reversionary bonuses already declared. The cost of this declaration has been met by the transfer from investments revaluation reserve of £1.25 million to each branch. In addition increased transfers of £4.5 million to the ordinary branch and £3.8 million to the industrial branch have been made to provide for terminal bonuses.

The Insurance Market
The Government's White Paper on self-regulation within the financial sector which was published on 29 January 1985 is likely to have significant consequences for the life assurance industry. Last year I commented on your Board's view of the Registry of Life Assurance Commissioners (ROLAC). Nothing has changed that view and, accordingly, representations have been made on the proposals in the White Paper for the treatment of commissions. It is your Board's opinion that the competitiveness of products and market forces provide a more effective protection for the investor than rules concerning the disclosure or limitation of commissions, mechanisms which can so easily fail to achieve their objectives in such a complex market place. During the year work proceeded on the creation of an Association of British Insurers (ABI) with the intention of unifying the various associations which currently represent insurance companies. Your Board has viewed this development with some concern for it has always considered the Industrial Life Offices Association (ILOA) as particularly effective in representing the home service industry. There is some danger that the larger ABI may be less responsive to the needs of the home service offices and your Board will seek to ensure that under the new structure the interests promoted by the ILOA are actively pursued.

Home Service Division
The year has been one of intense product development in a sector of the market which has often seen the Group introduce innovative products. Moneyplan, introduced in June 1984, is a regular premium contract which offers enhanced investment returns for those aged 50 and over. The Preferred Portfolio Plan provides a choice of investment funds and has already proved popular with those clients who have lump sums to invest. Other contracts which were introduced during 1984 included a savings plan for the young investor and a personal retirement contract for the self-employed offering long-term flexibility. The latter, known as The Independent Pension Plan, has achieved excellent results to date. The prospects for 1985 are already very encouraging with a successful start to the annual sales competition and the increasing effect of the new product range.

Life Broker Division
In 1984, new annual premiums increased by 27 per cent and single premiums, at over £20 million, were up by 41 per cent. In addition much has been done to expand the range of intermediaries who support the division.

The unit-linked Investment Mortgage Plan proved to be the success of the year whilst High Five was one of the first plans to be launched specifically to provide maximum investment over the shorter term. In addition, two new retirement plans, one for the self-employed and the other for the executive director, were introduced. These Individual Retirement Plans have considerably enhanced the division's competitive position in this sector of the market place.

In 1985, a most significant new development has been the recent launch of Lifespan, a contract which offers a wide range of benefits and flexible premiums in order to cope with life's changing needs.

Pensions Division

The political environment in which the division operates has been the subject of far more speculation than in recent years and in this climate the division has been well served by the ability of many of its existing contracts to meet the changing needs and obligations of employers. To this range the Total Pension Plan was added during the year. The plan is a unique money purchase scheme which meets the needs of both large and small employers by incorporating a wide range of options. The market received the plan in a very positive manner and it completes a range of products which your Board considers to be highly competitive. In terms of new business, money purchase contracts showed a strong increase in 1984 although total new annual premiums were only 4 per cent up on the previous year. Single premiums were 54 per cent higher than in 1983 at over £12 million and in this respect it was particularly pleasing to see Transplan ahead of target.

During 1985 marketing of the Managed Fund contract will take a greater prominence and this should be helped by the excellent investment performance which has been recorded since its launch.

General Branch

The introduction of revised contracts and more flexible means of payment have brought their rewards in terms of new business. New annual premiums of just over £1.5 million contributed towards a 21 per cent increase in total premium income for the year to £8.5 million. Hospital Cash Provider Plan, introduced last autumn, is unique within the home service industry. For a modest weekly premium it provides financial assistance in the event of the policyholder or a member of his family entering hospital. To date sales have been ahead of plan and the contract has been very useful in attracting new clients.

Investments
During the year, the main life funds made net investments of £37.4 million in gilts and other fixed interest securities, £5.8 million in property and only £1.6 million overseas. A total of £24.9 million was disinvested from UK equities.

Corporate activity in investment trusts continued at a high level during the year. The Group benefited from the acquisition of Anglo Scottish by Japan Assets, and of Bishopsgate, London Prudential and Oil & Associated by companies outside the sector. However, the highlight of the year was the successful bid by London and Manchester Assurance for The Nineteen Twenty-Eight Investment Trust plc (1928). Group companies now hold 50.2 per cent of the company with the balance in the hands of individuals and other institutions. Mr Martin Harris has been appointed Chairman and the other directors are Mr David Rowe-Ham and Mr Andrew Withey, with Mr Ian Henderson and Lord Wakelhurst nominated by London and Manchester. A new investment policy has been implemented and 1928 now holds a portfolio consisting primarily of investment trust shares. The takeover of 1928 is consistent with the Group's long term interest in investment trusts where total holdings now exceed £230 million.

Mortgages
In my statement last year I referred to the establishment of an associated company, London and Manchester (Mortgages) Limited, with the objective of advancing money at variable rates of interest with funds supplied by a commercial bank. Such was the success of this operation in 1984 that it became necessary to secure further funds substantially in excess of those originally envisaged. In January of this year there was finalised a transaction whereby £200 million was made available by way of a syndicated loan arranged by a leading merchant bank. Your Board believes that this move has laid the foundations of a business which will produce substantial life and general business for London and Manchester Assurance as well as being profitable in its own right. In its first year of operation the mortgage company has made a satisfactory contribution to Group profit.

Unit Trusts
Last year I referred to the creation of the Group's first unit trust, London and Manchester General Trust. In December 1984 two more unit trusts, the Income and International Trusts, were launched. Total funds under management now exceed £18 million with a substantial holding being attributable to the policyholders' funds.

Investment Management Services
The acquisition of a controlling interest in 1928 led the Group to establish London and Manchester (Asset Management) Limited, for the provision of investment management and associated services. Drawing on existing resources within the Group the new company successfully took over the full range of services required by the investment trust company and led the Group into a new area of activity.

Concluding Comments

It has been my practice since I became Chairman to commence my annual statement with a word of appreciation to the management and staff. I shall be retiring at the conclusion of the Annual General Meeting and I feel that on this occasion such expressions would be more appropriate at the end of my report. I wish therefore to record my very sincere thanks to the management and staff, both at Chief Office and in the field, for their support, co-operation and friendship not only during 1984 but throughout the period that I have had the honour and pleasure of serving the Group.

My colleagues on the Board have been particularly encouraging and understanding and I am most grateful to them for their support and advice. I am delighted that they have appointed Mr John Thomson to succeed me. Mr Thomson has been a director since 1974 and a Deputy Chairman for the past two years. He brings with him not only a wealth of commercial experience but also a strong commitment to the expansion of the Group and I wish him every success in his new responsibility.

THE ITEM CLUB FORECASTS FOR THE WORLD ECONOMY

GDP growth % pa	1984	1985	1986
USA	7.2	3.8	2.6
Japan	5.7	5.2	4.2
West Germany	2.6	2.7	3.0
France	1.8	2.0	1.7
OECD average	5.0	3.5	2.8
Inflation % pa	1984	1985	1986
USA	4.3	3.0	2.8
Japan	2.3	2.7	2.5
West Germany	2.4	2.5	2.5
France	7.7	5.8	3.5
OECD average	4.5	3.6	3.0



"Substantial Growth Assured"

Forward bookings indicate that 1985 will be an excellent year with virtually all our hotels budgeting record levels. This, in conjunction with

improved financing and a full contribution from hotels acquired in 1983, leads the Board to believe that substantial growth this year is assured.

Our trading highlights

- Record profits - £6,580,000 in 1984, up 47%.
- Dividend increased by 20%.
- Earnings per share up 41%.
- Further hotel acquisitions in hand.
- Now 60 hotels in the Group.
- Convertible Preference issue creates opportunities.

Queens Moat Houses

For a copy of the 1984 Report & Accounts write to: Company Secretary, Queens Moat Houses P.L.C., FREEPOST, Romford, Essex RM1 2BL.

It's simple...if you want to get ahead just go Green

Maggie Brown on how West Germany is emerging as the leading environmentalist

THE WORLD leaders, in Bonn today for the economic summit, are not just visiting Europe's largest economy. They are in a country where the post-war vigour that went into building an exporting powerhouse is now colouring industrial policies bright green.

West Germany, the locomotive of Europe, is emerging as the Continent's most environmentally conscious nation, pursuing crusades against acid rain, car exhaust poisons, polluted surface water and North Sea chemical waste dumping with dogged conviction.

The "greening" of Germany, perhaps not yet fully understood here, is opening up major new markets for its industries, creating an immediate £4 billion investment stimulus, and giving its companies a head-start in new export markets following in Germany's wake. If you want to get ahead, it seems, go Green.

But first, two signs of the times. Lunch-time in a sleek Frankfurt restaurant. The plump German businessman stops midway between mouthfuls of lambos and points his fork at me. "We feel we are in the middle of Europe, and are getting all its rich. And as for you British, you are the dirty men of Europe."

Next day, at a Bonn government department overlooking the fast flowing Rhine (another environmental crisis here, has bank straightening led to flooding?) a high ranking official drops his carefully prepared brief on environmental pollution policy and says: "West Germans are not able to understand the British position. We think they think



And as for you, British, you are the dirty men of Europe

only of themselves. We say our country is in real danger, and the rest of the European Community have a duty to help us."

By the British position, he means the UK's much criticised failure to join the 30 per cent club of 15 European nations committed to phased cutbacks in sulphur dioxide (SO2) emissions contained in waste fumes from coal and oil-fired power stations, and blamed for acid rain and consequent wide-scale destruction of forests: also Britain's key role last month in blocking, until 1988, radical German-led moves for swift, EEC-wide action to clean up car exhaust fumes.

This then is the mood of the country...even before I strayed into the strange Small is Beautiful orbit of one of the 28 radical Green Party representatives who have been forcing and keeping the environment to the front of Bundestag agendas. In 1983 West Germany, in contrast to the UK, imposed

unilaterally the toughest emissions standards existing in the world on its power industry. This, in response, is now immersed in the business of placing contracts and installing the largest, cleanest-up programme for sulphur dioxide emissions seen anywhere. The target is to remove 85 per cent of the pollutant from large existing stations by 1988.

In effect, this means placing contracts, 72 to date, for treatment plants, which are going to cost 10 billion marks (£2.6 billion), affecting 37,000 megawatts of largely coal generating capacity. The remaining power stations deemed not worth "retrofitting" is being given (in some cases) premature retirement by 1993. There has been little detectable government subsidy.

Progress is being monitored at the stark grey aluminium offices in Frankfurt of the VDEW, the union of German Electricity Plants, the country's nearest, though less monolithic, equivalent of

the UK's all-powerful Central Electricity Generating Board.

Manfred Hildebrand thinks the targets will be met and exceeded, that members — will be cleansing perhaps 90 per cent of the pollutant by the deadline. There is scepticism about whether the programme, cutting two-thirds of the 1.55 million tonnes of sulphur dioxide pumped annually into the atmosphere, will cure the "wood sickness."

"But we supported the moves eventually because we got clarification on what was allowed. It ended a decade of uncertainty. But we said, German industry will have to pay for this, consumers will have to pay, it is very cost intensive..." Herr Hildebrand shrugs and sips his coffee then adds: "Every country has its priorities. Germans love their woods."

The bills are coming in. The VDEW estimates that electricity prices will rise by 7.3 per cent in the next four years, to

1988-9, to pay for the investment.

But its compliance is in turn a part of an integrated national energy policy, in which coal provided by long-term contracts, will provide two thirds of the VDEW's primary fuel needs. Half of this coal is standard hard coal, the type mined in Britain. But the other half is lignite, brown coal, whose sulphur content is quadruple that of the hard stuff.

The generating industry is now gearing up for an equally determined programme to clean power station emissions of nitrogen oxides, also formed during combustion and blamed for contributing to atmospheric and plant life damage. The VDEW estimates a further £7 billion will have to be spent before the 1990s on these cheaper catalyst-based controls. Its members have 80 test plants already, and three fully scaled-up units in S. Germany, the most densely forested area.

The move towards cleaner cars, which for West Germany means installing

catalysts to cut out virtually all poisonous emissions, is further expected to be a "powerful impulse" securing the competitive position of the German motor industry within Europe, creating 20,000 new jobs manufacturing and fitting the new component, plus 3,000 jobs for specialist engineers.

Frankfurt-based Degussa, last month, announced a major expansion of a catalyst output. Britain and British Leyland may favour the redesigned "lean burn engine" not yet a fully commercial proposition, in tackling car emissions but the expectations of Bonn's Economic Ministry is that by the start of 1987 one million new cars, 40 per cent of West German annual output, will be "clean", half using diesel fuel, half fitted with catalysers.

And although Bonn's forced compromise at Brus-

sels was that a reduction in emissions would only take effect from 1993, officially, the Economics Ministry shrugged that aside and said: "I promise you that it will be a reality by the end of the 1980s." The government plans to lead the propaganda dice, even if proposed financial incentives are somewhat curbed, to make sure change is driven through.

But to return to the major programme, sulphur dioxide cutbacks. What has been its business impact? Four German processes have emerged from almost 200 potentials, and an analysis of the 72 orders placed so far shows the lion's share of business going to seven companies, Deutsche Babcock, Thyssen, Lurgi, Steinmüller, Cottrell, Falkt (Swedish) and Davy McKee (British). The majority of German solutions, or those licensed from Japan, produce gypsum, a powder used to make plaster board, though it is now in surplus, as landfill.

But there is a crumb of

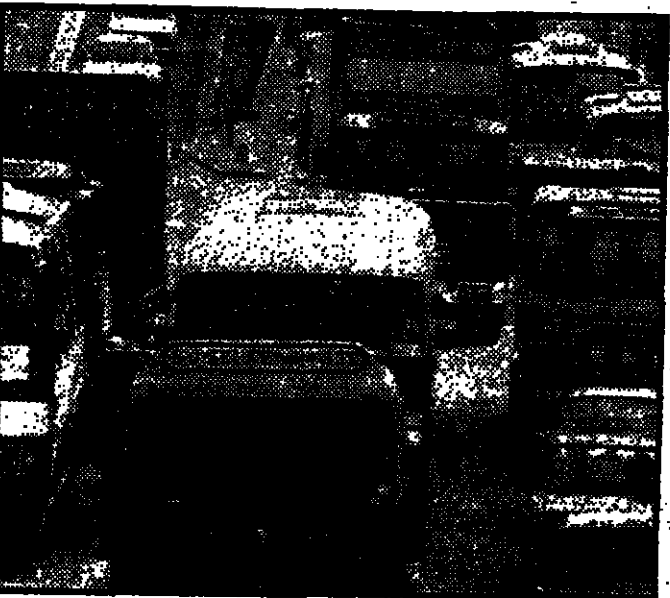
comfort here for Britain. Davy in fact won the last four big contracts, including the politically sensitive contract for Buschhaus, a lignite-burning plant which was the object of a national Green crusade.

Its process, called Welkman Lord, and designed from its Frankfurt engineering offices — where it has taken on an extra 100 engineers to handle new work — has the special distinction of being the one backed and recommended by Greenpeace, the international environmental action group, because it is essentially regenerative. The end product is saleable pure sulphur or sulphuric acid, not landfill. (Sulphur is a key element in fertilisers, Europe has a one million tonne shortage and Britain imports 90 per cent of its needs.)

The West German experts I talked to all expected swift spin-offs in terms of business from other "30 per cent" club countries. East Germany is on the point of placing its first contract with Davy McKee, Czechoslovakia, Austria, Switzerland, Poland, the USSR, all are foreseen.

So far the official statistics point towards the percentage of environmental protection equipment exported by German firms running somewhat above the national average industry export level. One final point: environmental protection rightly or wrongly, concerns the developed world at present. It is safe business, awarded by companies and countries which are credit worthy and able to pay. 400,000 people, 2 per cent of the German workforce is already employed in this sector. Green seems to be a good business colour.

Shouldn't Britain be doing something?



Imponderable cost of delays

Tunnel vision over high cost of tolls

THE brewery lorry making a delivery from Edinburgh to Perth pulls up at the Forth Bridge toll booth and the driver pays out 80p for his crossing. There is not much traffic about so it takes only six seconds before he is on his way again. On the return journey the process is repeated: total cost £1.60 — or so it would seem.

But a close analysis of those journeys over a period of months has shown that the true cost to the company of each round trip across the bridge is almost £5 because of the delays at the bridge and nagging accounting problems the system causes.

At the other end of the country most lorry drivers, and a growing number of car drivers are using CB radio to check ahead when they are approaching the Dartford Tunnel on the M25. If they hear of congestion and delay at the tolls they divert to cross the river Thames at the Blackwall Tunnel and bring heavy traffic back into the centre of London.

Nationally, with 98 million toll payments each year, even if there were no delays at the crossings about £45 million a year is being wasted in just stopping and starting to pay for tolls and a similar amount wasted by companies in the tedious of accounting. It takes no account of the imponderable cost of the delays, which can be anything up to half an hour at the Dartford Tunnel, or the high costs of collecting the tolls — 27 per cent of the toll in the extreme case.

The figures sound relatively small and insignificant but toll charges are a thorn in the side of the road haulage industry and once again, having failed to achieve anything in the past, it is lobbying hard for the system to be ended. This time their campaign has led to the whole subject being taken up by the House of Commons Select Committee on Transport.

Speaking the drive to the tollbooth is the Freight Transport Association which has just produced a comprehensive study of the finances of the operation. The main obstacle to abolition has always been the question of how the cost of crossing, whether a bridge or a tunnel has the fairest way, and tolls are the fairest way, out the lack of rationale behind the choice of tolls. They ask crossings. Why 40p to cross charge a bridge on the M4 the Severn or a pound for the tunnel when the M5 crossing of the Avon or the

Blackwall Tunnel is free?

With a few exceptions the system is not even working, they say. The idea that the crossings should eventually pay for themselves depends on the idea that the amount of toll multiplied by the traffic should service the debt and cover running and collection costs, but in most cases the toll charges are way below the breakeven point.

Of the half dozen major tolled crossings only the Forth Bridge and the Dartford Tunnel are breaking even. At the other end of the scale the Humber Bridge would need to charge nearly £48 per crossing for a truck or £26 for the round trip, compared with the current charge of £15. Obviously charges are settled much more on what the market will bear (before taking the alternative route), rather than the declared objective of paying off the debt.

Abolition, the FTA claims, does not carry any penalty for the Exchequer. There are no central local government loans that have to be repaid if tolls were abolished, states their report to the select committee.

The Government would simply have to service loans but without the help of the toll revenue. The capitalised debt notionally due to the central government can simply be written off because there is no point in the Government paying money to itself.

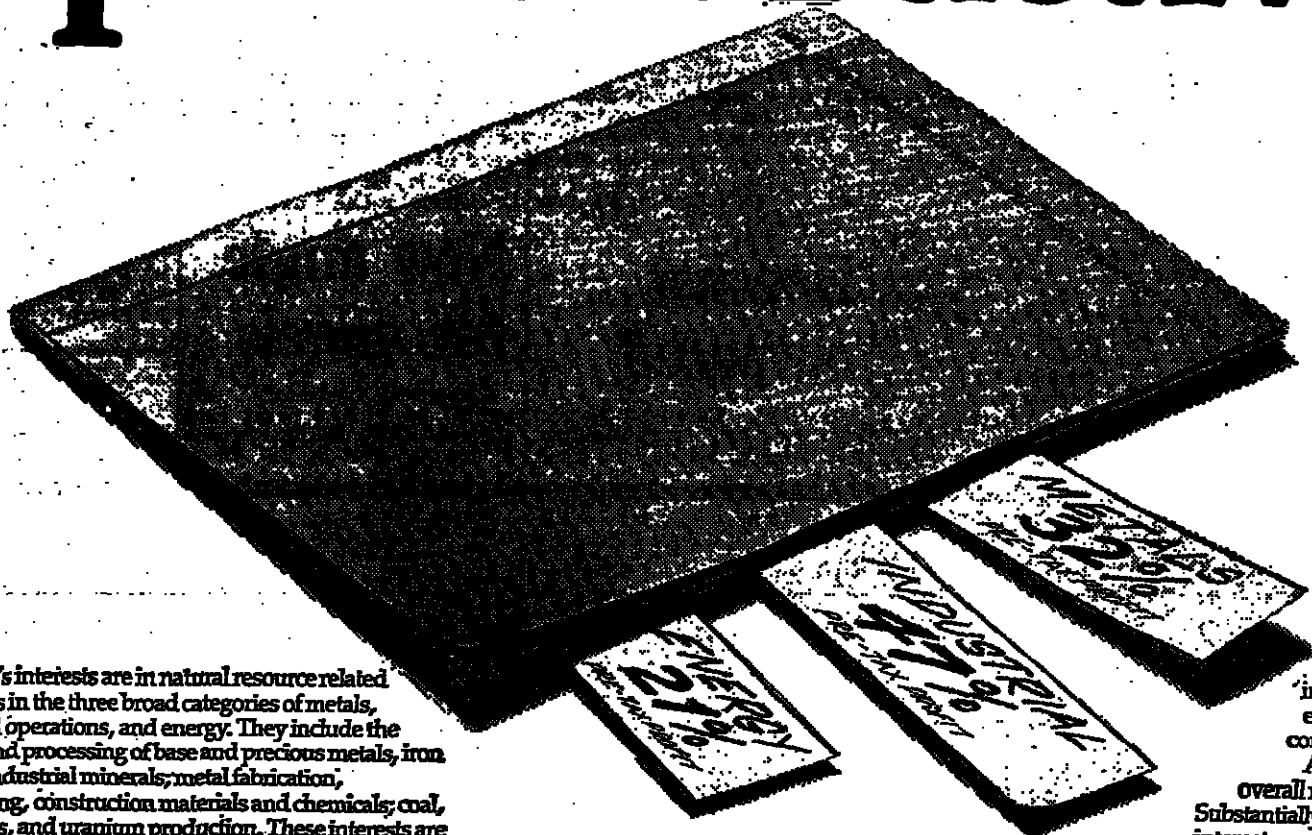
They could also take over the capital debts outstanding on the crossings that have been financed by local authorities — principally the Dartford, Mersey and Tyne tunnels — on the precedent of the capital debts written off in the past for BR (well over £7 billion at current prices) and the National Freight Corporation (£100 million in 1980).

Meanwhile, the toll system is getting strong official support in the form of £8.5 million being paid by the Department of Transport to enlarge the toll plaza at the Dartford Tunnel in anticipation of the 330 million vehicles which will pass through its portals in the next 12 years and tip about £240 million into its automatic collection buckets, a sum that will pay both the construction and interest charges on the existing tunnel.

But that level of traffic, everyone agrees, will lead to saturation by the end of the decade — so the "pay for the extra tunnel to take the overflow?"

Geoff Andrews

RTZ - a balanced spread of activities



RTZ's interests are in natural resource related industries in the three broad categories of metals, industrial operations, and energy. They include the mining and processing of base and precious metals, iron ore and industrial minerals; metal fabrication, engineering, construction materials and chemicals; coal, oil and gas, and uranium production. These interests are held by subsidiary and related companies which in several cases have large public shareholdings.

Review of 1984

RTZ Group sales and profits, move with economic activity in the UK, Japan, the USA and mainland countries of the European Community. With diversified interests and efficient mines the RTZ Group performed well despite a somewhat stormy business climate.

Metals

Base and precious metals, with iron ore and steel, produced £347 million of pre-tax profit, of which RTZ's attributable share was £167 million, or 32 per cent of the total.

Industrial

Chemicals, metal fabrication, engineering and construction provided £280 million of pre-tax profit, with £247 million attributable to RTZ or 47 per cent of the total.

Energy

These interests comprise oil, gas, coal, and uranium, and provided £174 million of pre-tax profits — £111 million or 21 per cent attributable to RTZ.

Exploration and Research

Exploration, research and other corporate costs amounted to £131 million of which RTZ's attributable share was £101 million.

Chairman's Statement

RTZ's profits have continued to improve. Profit before taxation at £570 million was 16 per cent up on net attributable earnings at £211 million were 22 per cent higher. Earnings per share increased by 15 per cent and it is proposed to raise the dividend for the year to 20p per share.

Excellent figures were again produced by the RTZ Borax and RTZ Filler groups; these, together with the translation gain on converting dollar earnings into sterling more than offset the generally weaker base and precious metal prices, largely responsible for a disappointing performance by CRA in Australia. In southern Africa, Palabora and Rössing benefited from the weak rand whilst in Canada, Rio Algom had a much better year. In the UK, RTZ Metals also suffered from a poorer mix of metal prices but higher oil production and sterling prices enabled RTZ Oil and Gas to advance its profits. RTZ Cement, by

increasing market share, mitigated to some extent difficult demand/price trading conditions.

Although RTZ's profits have increased, the overall return on capital remains unsatisfactory. Substantially improved profitability of our mining interests awaits higher metal prices.

The strategic direction of RTZ

During the year RTZ restructured its head office and made a number of organisational changes. It now has a smaller executive board who, through the chief executive's committee, provide coherent strategic direction for the Group from the centre without undermining the company's long-standing philosophy of and commitment to decentralisation.

Whilst the last decade has been difficult for the mining industry, RTZ's overall profitability has benefited from the broad spread of our successful industrial and non base metal interests.

Most consistently successful companies have built their success by developing in areas they know well. We see the continued success of RTZ as depending upon our depth of understanding of the changes taking place in mainstream Group businesses combined with an ability to seize new opportunities.

In the future, it is likely that RTZ will expand its industrial and oil and gas interests to develop further the balance of activities, but this does not imply a withdrawal from mining. It is our view that there may be more attractive mining opportunities during the next few years than we have seen in the last decade.

Outlook

World economic activity should expand in 1985, but not as rapidly as in 1984. Our industrial interests, therefore, may find it hard to maintain the pace of improvement achieved over the last few years. On the other hand, there are prospects that some metal prices may rise which would assist the mining operations. In the energy sector, conditions will remain difficult but our oil and gas interests should continue to progress. Currency fluctuations will again have influence and, in particular, a weaker US dollar may adversely affect reported sterling earnings.

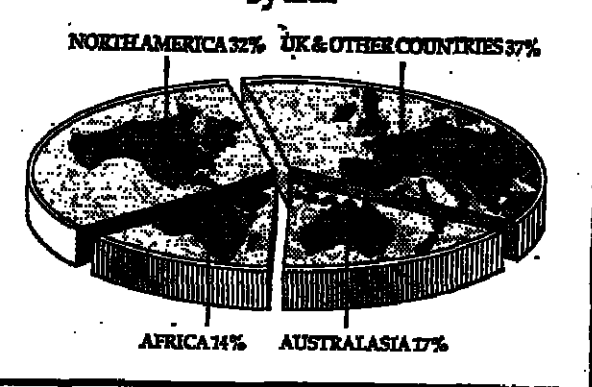
The results achieved in the difficult circumstances of recent years provide a solid base for confidence in the soundness of RTZ Group operations. Their spread and competitiveness are such that we are well placed to create and take advantage of new opportunities.

Alistair Frame
Chairman
6 St. James's Square, London SW1Y 4LD

The year at a glance

	1984 £million	1983 £million
Turnover	5,948.6	4,811.0
Proportional equity basis	3,900.0	3,197.0
Profit before taxation	670.3	575.2
Proportional equity basis	424.0	331.0
Net profit attributable to RTZ shareholders	210.7	172.5
Total RTZ shareholders' funds	2,354.4	2,049.9
Total assets employed	7,012.5	6,098.6
Earnings per ord. share	68.03p	59.31p
Dividends per ord. share	20.00p	18.00p

RTZ's share of pre-tax profit by area



If you would like a copy of the RTZ annual report including Sir Alistair Frame's full statement please write to: Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NF

RTZ The Rio Tinto-Zinc Corporation PLC

Why does Reuters want to cross wires?

By Maggie Brown

Over the wires, the news it came: Reuters is chasing United Press International again. So why does it want to now?

Over the past 20 years, Reuters has transformed itself into the leading provider of instant electronic financial information. It has been a highly lucrative but soulless policy.

There is therefore an element of reaction in the serious attention now being given to UPI by the bankrupt US news agency. Mr Glen Renshaw, Reuters managing director is believed to have flown out to New York earlier this week to take charge of any approach.

But there is also a good deal of potential synergy between UPI and Reuters. As one informed source said yesterday: "Where we are weakest in coverage, they are strongest; where they are weakest, we are strongest." You can add to that a financial footnote. Reuters is likely to make profits of nearly £100 million this year, equivalent to UPI's turnover.

In pure electronic news Reuters does run a strong second to Dow Jones in the US, but it is a fact of life that the North American news media market is also a rich, diversifying one, with growth a plenty. Reuters's leading shareholders, those such as Rupert Murdoch,

with major interests there know this only too well. So, UPI offers wealthy, cash-rich Reuters a ready-made infrastructure and organisation, which it can augment, and use to market and build its own services. And it also may make good defensive sense to take it over.

Reuters, also, has one specific service to protect. Last year it bought UPI's news picture agency outside the US, for \$3.5 million and is busy building up its photographic side — another sign of the resurgence of news media ser-

VICES. UPI supplies the pictures. But what of UPI's 1,500 staff worldwide? — many of whom have not been paid for three weeks. Mr Eugene Blaisey, managing director for the UK, and vice-president of Europe and the Middle East operations, says this: "What people in UPI and our clients want is stability. We must have a clear resolution of our problems. We can't take any more of what we've had."

Some of the fog should lift today when Mr Douglas Rube and William Geissler, who bought UPI from the AW Scripps foundation group — apparently for a nominal one dollar in 1982 — return to the bankruptcy court. Apart from



Glen Renshaw — on the look-out. Reuters, they have also received a \$10 million ap- proach from Cuban exile Mr and Loan Company.

Institutional buyers go for quality shares

THE MARKETS

Institutional investors had their buying boots on in stock markets yesterday ignoring Wall Street's overnight fall to its lowest level since January, and still drawing encouragement from last Tuesday's cheerful survey on the economy and job prospects from the CBI.

Buying was again selective, but more attention was paid to "quality" shares, rather than the more speculative counters of the last few days. Leading shares reflected demand for the international with Anglo-American again outstanding on take-over talk, up 10p to 422p. Gilt were largely neglected and eased a fraction as a result.

Breweries found support, and shares of the inter-divisional season and finding comfort in higher beer production in March. Bass led the way at 547p, up 13p. The figures are scheduled for May 22. Stores took a breather, but foods made fresh progress.

Engineers were helped by the CBI report, but Westland became a nervous market as the Indian Prime Minister told its parliament that the WGS helicopters were "unsuitable". At the same time, Hoare Govett (advisers to current bidder Bristow Rotocraft) estimated that Bristow shares, if listed, would be worth at least 150p. Westland shares closed 3p lower at 147p, after dipping to 143p.

Health worries continued to overshadow tobacco. Buildings and properties had a quieter session.

Banks had one of their best days for some time following further press comment on Lloyds' innovative £500 million Eurobond floating rate issue announced on Wednesday morning. There was also a favourable circular on the sector from stockbrokers Greenwell. NatWest set the trend with a 23p jump to 632p. Insurance brokers received a filip from much better-than-expected 15 per cent profit increase from Minet Holdings, recently upset by provisions for underwriting losses. Minet recovered 15p to 249p.

Among the new issues, Domini Printing Sciences made a sparkling debut at 271p, a premium of 71p over the 40-times over-subscribed offer price.

In overseas traders' exchange rates, the pound was up against the dollar, and unimpaired by the meeting that followed, a "sell" circular from ICI, 749p, and Hawker, 447p.

rose 12p piece in reflection of their dollar earnings. BR added 4p to 370p after the AGM. Cadbury Schweppes added 1p to 165p, also following the annual meeting. Courtaulds, with results due towards the end of the month, gained 6p to 139p.

Beecham were unaltered at 358p after news of £40 million investment in expanding production facilities for antibiotics. Bawater, whose AGM is today, advanced another 6p to 266p on rumours of an offer from Hanson Trust, 1p easier at 221p.

Carpet International, unsettled at first by Interface's denial of bid intentions, finally secured a 24p rise at 754p on the conviction that there is a bid in the wings. Others up on speculative demand were Security Centres, 25p to 120p, with Sessa up 4p to 91p in sympathy. Total, 4p to 80p. Teps Estates, 12p to 165p, and Moss Bros, 15p to 475p.

Main changes: Westland 147p down 3p, Thorn-EMI 474p up 16p, Bass 547p up 13p, NatWest 632p up 23p, Minet 249p up 15p, Inspec 400p down 4p, but foods 120p up 25p, ICI 749p up 12p. Equity turnover for May 1 was: Number of bargains 20,056, value £335.5 million.

Paris: French stocks closed mixed to modestly lower in quiet trading. Brokers said that in the absence of major external news or technical factors, most shares strayed aimlessly within a narrow range. The general market indicator, CAC 40, ended the day with a decline of 0.19 per cent. Declining issues led advances 100 to 57, with 21 French shares unchanged.

Frankfurt: Prices of shares suffered broad declines with a number of blue chip issues falling by more than 400 Deutsche marks a share. The Dax-Index closed 12.13.

Tokyo: Share prices ended little changed. Wall Street's plunge sent stocks into a steep decline, but the market recovered most of the loss by day's end. Nikkei Dow Jones index: 12,451.79 (12,456.65).

Hong Kong: Prices rebounded in active trading and closed mixed. Hang Seng index: 15,612.1 (15,616.73).

FT Ordinary Share Index up 11.5 at 989.9. FTSE 100 Index up 7.6 at 1,308.1. Index: 12,212. DM 3.87; Fr 11.79. Gold fell 20p to 400p after unexpected profits; and unimpaired by the meeting that followed, a "sell" circular from ICI, 749p, and Hawker, 447p.

COMPANY BRIEFING

Losses in US hit Lilley

F.J.C. Lilley, the Glasgow-based international construction group, suffered a sharp downturn in profits last year, following a collapse in profits from its American construction businesses.

Group pre-tax profits in the year to January 31, almost halved from £13.8 million to £7.4 million. But Mr Tom Bisset, the chairman, told shareholders that strict action to eliminate the unprofitable US activities should correct the setback in the current year.

The problems emerged at Petrochem Construction Corporation and Harold Dessau, which have been hit by a downturn in demand for services from the oil and gas industries. Dessau's export business was also troubled by the strength of the dollar during much of the year. The pre-tax losses of £2.5 million, on US turnover of £128 million, compared with pre-tax profits of £3 million from the US business last year. Mr Bisset said that the losses were the first experienced by Lilley in five years of trading in the US, and that the board would continue to commit resources to the American market.

Margins remained tight in the UK, where profits fell slightly from £11.6 million to £10.7 million, on turnover just about unchanged at £172 million. But Mr Bisset said that with turnover at a record level of £301 million and the group's outlook healthier than ever, the trading outlook is strong and the directors believe that a return to better profitability can be expected.

The board is recommending payment of an unchanged final dividend of 2.44p per share, making an unchanged total of 3.64p for the year.

THE DEMAND for Coloroll's paper has been strong and the offer for sale has been oversubscribed. Details of the basis of allocation will be given soon. Meanwhile, new-comers Domino and Sherwood Computer got off to a reasonable start. Domino was offered at 200p and went to 271p yesterday while Sherwood — striking price 175p — closed at 190p.

Davies tumbles

Davies and Newman, the Davies Airline group was hit by both the US dollar and its scheduled services last year. This sent profits spinning down from £4.3 million to £3.1 million although turnover climbed from £196 million to £243 million.

The board says that the group's problems were made worse by the fall in the pound's value.

A big effort was made to expand the group's aviation business and this accounted for the boost in turnover. A large programme was mounted in the inclusive tours field but tough competition ate into margins.

On the scheduled services side the board says that new routes were opened up from Gatwick to Belfast, from Manchester to Zurich and Berlin to Saarbrücken. The Belfast route achieved good load factors but competition drove down fares to uneconomic levels.

The industry is already reporting a downturn in pre-season bookings for the inclusive tour market but the board has shifted its flight programme around. It says that the group will have the usual busy summer but no forecast can be made for the full year.

In spite of the depressed state of the shipping industry the group's shipbroking company produced a much improved result but there is no sign of a change in market activity this year.

Shareholders will get an unchanged dividend of 10p and a one-for-10 scrip issue.

Changing place of Holt

HOLT LLOYD International is applying to have its stock market quotation shifted from the motor components sector to specialty chemicals where the share ratings are high. The board argues with some force that its car care products are not comparable to any other, and that it is in no way vulnerable to car strikes and the like.

Moreover its chemical business is growing at about 15 per cent a year, excluding currency swings — and is a vital factor in the latest record results.

These show a jump in profits from £4.24 million to £6.2 million beating City estimates thanks partly to a £750,000 currency boost. The UK's still dominated by the group's market leadership in car care with products like Turtle Wax. Here the group has seen off the challenge of low-price alternatives and sees room for further growth.

The UK brings in just 25 per cent of profits, with overseas car care operations accounting for another 35 per cent. These are spread into most of the world's suitable markets with Japan and France perhaps showing the best prospects. Another acquisition could be accommodated but there is nothing pencilled in just now.

With economic turbulence on the horizon BP is reluctant to dig too deeply into its £2.5 billion cash mountain. Sir Peter says that BP has eschewed the 1970s philosophy that big is necessarily best. This accumulation of cash is part of a positive strategy to increase the financial strength of the company for any downturn in the economic cycle, and to allow us to take advantage of opportunities for new investments as they arise.

At the company's annual general meeting yesterday, Sir Peter said: "Looking ahead we expect that the business and economic environment this year will be similar to 1984 but with the US economy slowing down. Competition is likely to remain intense in our major markets. Since we earn most of our revenues from oil which is priced in dollars, our results

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Warning from BP

British Petroleum's chairman, Sir Peter Walters, warned yesterday that the UK oil giant's sterling profits were likely to be hit by a weakening dollar and the slowdown of the US economy.

In 1984 BP succeeded in increasing after-tax earnings by 30 per cent to £1.26 million. But the dollar's strong rise in 1984 added £190 million in profits to BP's crude oil sales, since petroleum is priced in the US currency.

At the company's annual general meeting yesterday, Sir Peter said: "Looking ahead we expect that the business and economic environment this year will be similar to 1984 but with the US economy slowing down. Competition is likely to remain intense in our major markets. Since we earn most of our revenues from oil which is priced in dollars, our results

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Hoechst outpaced

Hoechst, Europe's biggest chemicals and drugs combine, has failed to outpace the profit performance of its UK rival ICI.

ICI's pre-tax earnings leapt 67 per cent in 1984 to just over £1 billion. But Hoechst, the most powerful member of the German chemicals triumvirate, only managed a 48 per cent increase to £743 million in its 1984 pre-tax earnings. The other German companies, Bayer and BASF, have yet to disclose their profit growth last year.

Hoechst is the world's biggest producer of pharmaceuticals, but its drugs division, which has failed to find a really big new profit spinner in recent years, actually saw its profits deteriorate, according to research director, Dr Wolfgang von Polnitz. By contrast, ICI, which has scored a big success in the US with its heart drugs, enjoyed a 25 per cent leap in worldwide pharmaceutical earnings to £249 million.

Hoechst, which claims to have earned just 4 per cent on drug sales to the National Health Service in 1984, blamed stricter government controls on drug cost for some of its pharmaceutical decline. But the German company was also hit by stiffer competition and the ending of patent protection on one of its biggest sellers, an oral diabetes medicine.

Hoechst's chairman, Dr Rolf Sammet, was less than enthusiastic about the group's prospects in 1985. Although first quarter earnings rose by nearly 10 per cent to £219 million, Dr Sammet said he did not expect subsequent quarters to show so much improvement.

Hoechst clearly fears that the twin threats of protectionism and a looming downturn in the economic cycle could hurt demand for its all-important export business. President Reagan, who is in Germany for the Bonn summit is seen as the chief architect of impending trade barriers. "If the US were to set such an example, this would be a catastrophe," Dr Sammet said.

Dr Sammet said that the group's profits were likely to be hit by a weakening dollar and the slowdown of the US economy.

Syphon's big splash

Profits of British Syphon Industries climbed 180 per cent to £1.07 million in 1984, beating the forecast made when the group bought East Lancashire Paper in December.

Stressing that East Lancs made no contribution to the result, the board says that it is trebling the dividend to 3p and paying a one-for-four scrip issue. Growth was split evenly between drinks dispensers and the other businesses.

The profits have been struck before extraordinary items of £885,000 against £331,000 reflecting a reorganisation, bid costs and £145,000 which might be recovered.

East Lancs is being integrated and with a good start to the current year reported, the board is looking for a substantial increase in profit.

The market believes that East Lancs will contribute £1 million or so while the original company will bring the total to between £2.5 million and £3 million before tax for the current year.

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THE STOCK EXCHANGE

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The Directors of the Company whose names appear in this Offer document (the "Prospectus"), but excluding Mr. C. J. Wells who is severely indisposed through illness, are the persons responsible for the information contained herein. To the best of the knowledge and belief of the Directors (other than Mr. Wells), who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect materially the import of such information and they accept responsibility accordingly.

The application for the Ordinary Shares now offered will open at 10 am on 10th May 1985 and may be closed at any time thereafter. The procedure for application and a Public Application Form are set out at the end of this Prospectus.

Application has been made to the Council of the Stock Exchange for the new Ordinary Shares now being issued to be admitted to the Official List.

A copy of this Prospectus, which comprises the listing particulars relating to the Company in accordance with The Stock Exchange (Listing) Regulations 1984, has been delivered to the Registrar of Companies for registration as required by those Regulations.

No person receiving a copy of this Prospectus and/or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such application form, unless in the relevant territory such an invitation could lawfully be made to him or such application form could lawfully be used without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.



BRITISH AEROSPACE

PUBLIC LIMITED COMPANY

OFFER

by

Kleinwort, Benson Limited

and

Lazard Brothers & Co., Limited

on behalf of

British Aerospace Public Limited Company

and

The Secretary of State for Trade and Industry

of

146,852,746 Ordinary Shares of 50p each at 375p per share
200p is payable on application 175p is payable by 10th September 1985

underwritten by

Kleinwort, Benson Limited Lazard Brothers & Co., Limited
Hill Samuel & Co. Limited Morgan Grenfell & Co. Limited J. Henry Schroder Wagg & Co. Limited

KEY INFORMATION

The following information is derived from, and must be read in conjunction with, the full text of this Prospectus.

British Aerospace

British Aerospace, whose origins can be traced directly to companies which were among the pioneers of the aircraft industry in the early part of this century, is one of the largest aerospace organisations in the world. It is engaged, either on its own or in collaboration with other companies, in the design, development, production and sale of military and civil aircraft, guided weapon and space systems, in electronics and related technologies and in the provision of support services. It is one of the largest exporters of manufactured goods from the United Kingdom.

Turnover, Profit and Dividends

	Year ended 31st December 1983	1984
Turnover	£2,300 million	£2,488 million
Profit before taxation	£82 million	£120 million
Taxation	—	£12 million
Profit after taxation	£82 million	£108 million
Earnings per Ordinary Share (net basis)	41.1p	54.0p
Dividends per Ordinary Share (net)	9.1p	13.65p
Orders outstanding	£4,907 million	£4,820 million

Offer Statistics

Offer price per Ordinary Share	375p
Market capitalisation before issue of new Ordinary Shares ^(a)	£750 million
Market capitalisation after issue of new Ordinary Shares ^(a)	£987.5 million
Price/earnings multiple on earnings per Ordinary Share of 54.0p ^(b)	6.94 times
Gross dividend yield ^(c)	5.2 per cent
Adjusted net assets per Ordinary Share ^(d)	439p

Payment Arrangements

On application	200p per Ordinary Share
By 10th September 1985	175p per Ordinary Share

Notes

- Market capitalisation figures have been calculated on the basis of the Offer price.
- The price/earnings multiple has been calculated on the basis of the Offer price and the earnings per Ordinary Share for the year ended 31st December 1984.
- The gross dividend yield is based on the gross dividends paid and/or recommended in respect of the year ended 31st December 1984 and the Offer price.
- The adjusted net assets per Ordinary Share have been calculated on the basis of net assets at 31st December 1984 adjusted for the net proceeds of the issue of the new Ordinary Shares and on the basis of the Ordinary Shares in issue following the Offer.

DETAILS OF THE OFFER

On 15th January 1985, it was announced that HM Government and the Company had agreed to make a combined Offer under which HM Government would sell the whole of its remaining shareholding in the Company and the Company would make an issue of new shares.

A total of 146,852,746 Ordinary Shares of 50p each are now being offered at a price of 375p per share, of which 200p is payable on application and 175p is payable by 10th September 1985. Of these shares, 98,852,746 Ordinary Shares, representing 48.43 per cent. of the Company's existing issued ordinary share capital, are being offered for sale by HM Government. The remaining 48,000,000 shares are new Ordinary Shares being issued by the Company. Although the Company has no immediate need for funds, the Board has taken the view that it is sensible to increase its equity base at the same time as HM Government is disposing of its holding of Ordinary Shares. The estimated net proceeds (before selling commissions) of the issue of the new Ordinary Shares of £129.5 million will be used for the longer-term development of the Company's business.

Existing Ordinary Shareholders are being given preferential entitlements to acquire the new Ordinary Shares on the basis of one new Ordinary Share for every four Ordinary Shares held by them at the close of business on 20th April 1985. HM Government has informed the Company that it does not intend to take up its preferential entitlement to new Ordinary Shares. Of the Ordinary Shares being offered for sale by HM Government, 5,000,000 are available for preferential allocation to eligible employees of the Company. To the extent that these preferential entitlements are not taken up by existing shareholders and employees, the shares will be available under the Offer. Further details of the arrangements for existing shareholders and employees are set out in paragraphs 8 and 9 under "Statutory and General Information".

As explained in "Procedure for Application", no allocation or allocations in excess of ten per cent. of the offered Ordinary Shares will be made to any one person or associated persons.

All the 146,852,746 Ordinary Shares now being offered have been underwritten by five merchant banks. Invitations are being made on 1st May 1985 to certain United Kingdom institutional investors ("Priority Applicants") to apply for all of the offered Ordinary Shares. Priority Applicants will each be guaranteed a minimum number of the offered Ordinary Shares, in aggregate not exceeding 35 per cent. of the offered Ordinary Shares. They will also offer to acquire the balance of the offered Ordinary Shares, which will be allocated to them in the event that other valid applications are not received.

Following the Offer, HM Government will hold no shares in the Company except the Special Share. The Special Share does not carry any right to vote at General Meetings and entitles the holder to speak at such Meetings only on matters relating to the rights of the holder of the Special Share. Any alteration of the Articles of Association of the Company relating to United Kingdom control, to the nationality of the Directors and to the Government Director requires the prior consent of the holder of the Special Share. Further details relating to the Special Share are set out in paragraph 2 under "Statutory and General Information".

The offered Ordinary Shares will rank for the interim dividend in respect of the financial year ending 31st December 1985 (but not the final dividend in respect of the year ended 31st December 1985) and will carry the right to vote, subject in each case to registration following payment of the second instalment. If anyone wishes to exercise votes in respect of his offered Ordinary Shares prior to 10th September 1985, this may be done upon early payment of the second instalment and subsequent registration. The rights and remedies attaching to the new Ordinary Shares and to HM Government's Ordinary Shares are referred to in paragraph 5 under "Statutory and General Information" and the arrangements for the allocation of such shares are described under "Procedure for Application".

The Ordinary Shares are offered solely on the basis of the information and representations made herein. No other information given or representation made by any person should be relied upon and no person responsible for this Prospectus, or any part thereof, shall have any liability for such other information or representations (see paragraph (i) (xiv) under "Terms and Conditions").

DEFINITIONS

"British Aerospace"	British Aerospace Public Limited Company and its subsidiaries and/or, as the case may be, their respective predecessors in business, or any of them.
"Company"	British Aerospace Public Limited Company.
"Ordinary Shares"	Ordinary Shares of 50p each in the Company.
"new Ordinary Shares"	The 50,000,000 new Ordinary Shares now being offered for subscription by the Company.
"HM Government's Ordinary Shares"	The 98,852,746 existing Ordinary Shares now being offered for sale by HM Government.
"offered Ordinary Shares"	The new Ordinary Shares and HM Government's Ordinary Shares.
"Offer"	The offers for subscription and sale herein referred to.
"Offer price"	The price of each of the offered Ordinary Shares.
"Special Share"	The Special Share of £1 described in paragraph 7 under "Statutory and General Information".

BRITISH AEROSPACE PUBLIC LIMITED COMPANY

Directors

Sir Austin William Pearce,
C.B.E., Ph.D., F.Eng. *Chairman*

Sir Raymond Derek Lygo, K.C.B.
Managing Director

Kenneth Milton Bevis, C.B.E., T. I.
Non-executive Director and Government Director

Sir Kenneth Durham
Non-executive Director

Bernard Ernest Friend, F.C.A.
Finance Director

Derek Oliver Gladwin, C.B.E.
Non-executive Director

John Lewis Glasscock,
Deputy Chief Executive, Aircraft Group

Harold Arthur Hitchcock, D.F.C.
Non-executive Director

Thomas George Kent, C.B.E.
Deputy Chief Executive, Dynamics Group

Hugh Metcalfe, C.B.E., F.Eng.
Chief Executive, Dynamics Group

John Trevor Stamper, F.Eng.
Technical Director

Sir Jack Alfred Wellings, C.B.E.
Non-executive Director

Colin James Wells
Personnel Director

Ivan Ray Yates, C.B.E., F.Eng.
Chief Executive, Aircraft Group

all of British Aerospace
Public Limited Company,
100 Pall Mall, London SW1Y 5HR

Secretary and Registered Office
Brian Cookson, LL.B., *Solicitor*
British Aerospace Public Limited Company,
100 Pall Mall, London SW1Y 5HR

Financial Advisers to the Company
Kleinwort, Benson Limited,
20 Fenchurch Street,
London EC3P 3DB

Financial Advisers to HM Government
Lazard Brothers & Co., Limited,
21 Moorfields,
London EC2P 2HT

Solicitors to the Company
Linklaters & Paines,
Barrington House, 59-61 Gresham Street,
London EC2V 7JA

Solicitors to the Offer
Slaughter and May,
35 Essex Street,
London EC2V 5DE

Solicitors to the Underwriters
Freshfields,
Grindall House,
25 Newgate Street,
London EC1A 3LH

Auditors
Peat, Marwick, Mitchell & Co.,
Chartered Accountants,
1 Puddle Dock, Blackfriars,
London EC4V 3PD

Brokers to the Offer
Hoare Govett Limited,
Heron House, 319-325 High Holborn,
London WC1V 7PB

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

Registrars
Lloyds Bank Plc,
Registrar's Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA

In the United States, together with the strength of the dollar relative to sterling, resulted in an increase in interest payable as compared with 1984. In contrast, interest receivable and income from Government securities was marginally lower reflecting lower interest rates in the United Kingdom.

Profit before taxation at £120.2 million was 48 per cent above the 1983 level of £82.3 million. Taxation in the year amounted to £12.2 million (1983: nil) which largely represents advance corporation tax on dividends, resulting in profit after taxation of £108.0 million (1983: £82.3 million). In 1983, the tax charge was offset by the release of prior year tax provisions.

The Company benefited from a net cash inflow of £85.5 million during the year with net liquid assets exceeding gross loans by £81.6 million at the year end. The net working capital, approximately £220 million was invested by the Company on fixed assets, inventories and research and development during the year.

At 31st December 1984, the Company's order book stood at £4,820 million. This was slightly lower than the corresponding figure of £4,607 million for 1983.

The Board has proposed a dividend in respect of the year ended 31st December 1984 of 8.4p per Ordinary Share which will bring the total dividends paid for 1984 to 13.65p per Ordinary Share (18.65p gross) compared with 9.1p (13.65p gross) for 1983.

FUTURE OUTLOOK

Military Aircraft
The Board believes that British Aerospace's wide range of military aircraft projects, including the Tornado, Harrier and Hawk, as well as the collaborative nature of a number of these projects, puts it in a good position to achieve further significant orders. In particular, vigorous efforts are being made to export the Tornado. While the Board is confident of the Company's ability to achieve export orders for its military aircraft, competition is very strong and the level of support provided by HM Government (particularly in the provision of export credit guarantee facilities relative to those offered by competing countries) will be an important factor.

The decision on, and timing of, a new fighter aircraft for the Royal Air Force will be of major long term importance for British Aerospace's military aircraft activities. The Defence Ministers of five nations, the United Kingdom, France, Germany, Italy and Spain, have agreed in principle on the need to develop and produce jointly a new European Fighter Aircraft (EFA). Force's need to replace its Phantom and Jaguar aircraft in the 1990s. British Aerospace and Aerospace manufacturers from the other four nations have recently completed a technical and industrial feasibility study jointly commissioned by the five Governments. The results of this study are now being assessed by the five Governments, whose Defence Ministers will meet shortly to consider whether an acceptable basis exists for proceeding to the next stage of a collaborative procurement arrangement. Should the United Kingdom decide to participate in such a project, it would be the instance of HM Government and British Aerospace to work closely together to ensure that the United Kingdom aerospace industry would receive substantial work starting in the late 1980s. If collaboration does not come about, HM Government will be able to consider, as another option, the alternative of a national solution arising from a technical and industrial study submitted by British Aerospace under the terms of a contract placed with the Company. Meanwhile, in anticipation of the Royal Air Force's need to replace its Phantom and Jaguar aircraft in the 1990s, British Aerospace is developing (to cost and programme) an experimental aircraft (EAP), funded jointly by HM Government, the Company and other industrial partners, including Aeritalia and German equipment companies, to consolidate British Aerospace's fighter aircraft technology. The Board considers it is important to the future of British Aerospace's military capability that decisions are taken by the relevant Governments in the near future in order that design and manufacturing capacity may be maintained as the Tornado programme runs down in the late 1980s.

Guided Weapons Systems
The prospects for the guided weapons business look most encouraging and this area of activity is expected to continue to make a substantial and increasing contribution to profits. British Aerospace is developing and producing a number of new systems which have good export potential, with Sea Eagle, ASRAAM and ALARM being important examples. British Aerospace has a wide spread of product lines, and the highly successful Rapier programme and its developments are expected to continue to be the Company's most important guided weapon project for many years.

Civil Aircraft
The Board believes that the long term outlook in the civil aircraft market is good. There is a very encouraging demand for Jetstream 31. However, the upturn in demand for larger aircraft, in particular, has been slower than anticipated, the generally weak state of airlines' financial position worldwide being one of the principal reasons. The Board believes that the financial health of a number of airlines which should be of benefit, although this trend cannot be expected to have any favourable impact on the Company's results in the short term.

More generally, bearing in mind the financial risks associated with developing civil aircraft, the Board will continue to keep under close review the Company's exposure to civil aircraft projects of relative importance. Given the relatively early stages of most of the Company's civil aircraft programmes, the Board considers it unlikely that the Company would embark on any major new civil aircraft project in the foreseeable future without HM Government launch aid.

The Airbus programmes, together with the A320, will have a substantial effect on British Aerospace's results for many years. fierce competition is being experienced in these programmes, which is being reflected in the prices being offered for the aircraft. In the medium term, therefore, the Board is cautious about the contribution that these programmes will make, but in the longer term believes that British Aerospace has the right range of aircraft to benefit from the large civil market expected to be available and that civil aircraft will provide an important and growing source of turnover and profits.

Space and Communications Systems
British Aerospace has made a substantial investment in space and communications systems since it believes this to be an important and growing market. This has had an adverse impact on the results of the Company for the last two years whilst it has been establishing itself as a leading supplier. The selection of the British Aerospace led consortium by Inmarsat for its new generation of maritime satellites is an encouraging recent development. In addition, the importance of military satellites is likely to increase. The Company, which is one of the largest space contractors outside the United States, is now well placed to compete for new business and the Board believes that the long term prospects for these activities are good.

Electronics and Other Systems
The Company has considerable expertise in electronics, which are an integral part of its business. In addition, many electronics projects are being pursued as businesses in their own right, including radar, laser gyro, automated message handling, advanced optical processes and infra-red systems, together with "Other Activities" referred to in "The Business of British Aerospace", these and other "Other Activities" related to the Company's latest growth business areas and may be further expanded by suitable acquisitions.

HM Government Policies
The Board of British Aerospace fully accepts the Ministry of Defence's new policies of encouraging greater competition amongst suppliers, of maximising the export potential of United Kingdom defence programmes and of promoting the use of private industry. One aspect of these policies may result in the increase in defence price competition (rather than cost plus contracts) which the Company has itself advocated in all appropriate cases. The Board is concerned that these policies, and particularly the rules of competition, should be fairly applied, and seen to be so, subject to which the Board believes the policies should give British Aerospace the opportunity of expanding its military business further and of improving profitability. The Board is also concerned that these policies should not result in unreasonable delays in the placing of a number of contracts which are important to British Aerospace and in the Board's view, to the national interest and that account is taken of the importance of maintaining British Aerospace's all round weapon systems capability, which is unique amongst United Kingdom manufacturers.

The Company welcomes the announcement made by HM Government on 4th April 1985 regarding the future of the airport at Farnborough (where Jetstream 31 is manufactured), which should ensure the continued availability of the aircraft for use by British Aerospace for some years ahead.

General
British Aerospace's wide range of products with their differing business cycles and cash flow characteristics are a major strength. The military business is continuing to generate strong cash flow which is helping to finance British Aerospace's investment in civil aircraft and space. The overall financial position of the Company is strong. Currently, the Company has no net borrowings and a net cash position of over £900 million. The raising of an additional £187.5 million of equity by the issue of new Ordinary Shares under the Offer further strengthens the Company's position.

In considering the profits earned by British Aerospace in any year, it must be borne in mind that they are derived mainly from long term projects, typically with life spans of 15 years or more, whose profitability varies according to the different stages of the project. Over the medium term, British Aerospace expects military business, both aircraft and guided weapons, to perform well. However, the major civil aircraft projects are for the most part at relatively early stages when heavy costs are incurred with significant profits only expected in the later years of the project. The Board is confident that the longer term outlook for these civil aircraft projects is good but, as indicated under "Civil Aircraft" above, the upturn in demand for larger aircraft, in particular, has been slower than anticipated. Against this background, the Board considers it prudent to be cautious about the short term profit outlook for the Company.

The Board remains committed to its policy of greater efficiency by reducing costs, improving productivity and matching production and other resources to market demands. There remains scope within the Company to improve efficiency, and the United Kingdom inflation rate remains high. The relative sterling/US dollar rate of exchange and the United Kingdom inflation rate relative to the United States and other major industrial countries will also be particularly important factors in influencing the Company's profitability and competitiveness.

The Board believes that the Company is well placed to take advantage of the opportunities that the markets will provide in the years ahead and, overall, is confident that the long term profit growth potential for British Aerospace is good.

Statements of Source and Application of Funds

The consolidated statements of source and application of funds of British Aerospace based on its published audited accounts for the five years to 31st December 1984 are as follows:

	1980	1981	1982	1983	1984
£m	£m	£m	£m	£m	£m
Source of funds					
Profit/(Loss) before taxation	82.3	70.8	(13.2)	28.3	120.2
Adjustments for items not involving the movement of funds					
Depreciation	23.4	28.6	36.9	41.5	51.2
Exceptional provision in respect of civil aircraft programme			200.0		
Provisions and other	28.6	37.3	32.7	68.8	(28.0)
Funds from operations	134.3	136.7	164.3	138.6	143.4
Net proceeds of share issues					
	105.8	226.4	184.5	198.4	145.4

	1980	1981	1982	1983	1984
£m	£m	£m	£m	£m	£m
Application of funds					
Net addition to fixed assets	87.3	68.9	35.9	61.8	78.3
Dividends paid	4.3	8.3	8.2	6.3	21.7
Other	(3.4)	(4.0)	18.1	17.4	4.2
	88.2	71.2	52.2	85.5	104.2

	1980	1981	1982	1983	1984
£m	£m	£m	£m	£m	£m
Changes in working capital					
Stocks	180.0	178.4	145.2	178.8	208.8
Debtors	100.9	77.1	81.1	68.0	78.0
Creditors	(116.0)	(112.0)	(112.0)	(112.0)	(112.0)
Advances	(140.0)	(140.0)	(140.0)	(140.0)	(140.0)
	34.9	173.5	154.3	194.8	234.8

	1980	1981	1982	1983	1984
£m	£m	£m	£m	£m	£m
Total application of funds	191.3	150.9	206.7	209.7	240.6
Movement in net liquid assets and loans	18.5	(13.9)	(88.7)	(72.1)	86.8

Included in the application of funds for 1983 is £40 million relating to the acquisition of the Gyrojet Division of Space Limited, £20 million of which was in respect of fixed assets, patents, trademarks and know-how and £10 million in respect of working capital.

Principal Accounting Policies

- (1) **Trading Profit**
Trading profit is taken at the time of sale in the case of contracts with extended delivery programmes. It is arrived at by reference to the estimated overall profitability. Full provision is made for any losses in the year in which they are incurred.
- (2) **Research and Development**
Expenditure on research and development, other than that on buildings or specifically ascertainable under contract, is charged to the profit and loss account as incurred, and is included in the profit and loss account as incurred.
- (3) **Leasing Costs**
The cost of financing a new civil aircraft project has been allocated to the principal project and development, design and production, and education.
- (4) **Costs of financing a new civil aircraft project**
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Included in the amount for the EFA 146 in 1983 is 30 per cent of the expenditure on that year on EFA 146 and education, which was written off having regard to the early stage of the project. The amortisation of tooling and education has been charged to the profit and loss account as incurred.

2. Provision principally relates to advance corporation tax written off. No charge arose in 1983 because of prior year adjustments. No maintenance expenditure has been incurred because of stock market, accumulated capital allowances and other factors. As a result, the provision is nil.

3. Provisions include land and buildings of 1983 million (1982: £18.5 million) and plant and machinery of £13.3 million. The provisions are based on the estimated value of the assets at the year end. The provisions are based on the estimated value of the assets at the year end.

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Less energy - more heat

David Oates on the marketing of a new concept of energy saving



SMALL BUSINESS

NIELS SVENDSEN was so impressed with the performance of an energy saving unit he installed three years ago in the Salston hotel he runs at Ottery St Mary in East Devon, that he decided to form a company to market the concept.

The unit, based on the concept of combined heat and power (CHP), provides electricity for a wing of the hotel and at the same time heats the water in the swimming pool. Fifty-five-year-old Svendsen is convinced that the idea, which could usher in a whole new era in private electrical generation, should be adopted more widely by hotels, hospitals and industry. The savings, he maintains, would be tremendous.

He estimates, for example, that if all the hotels in Britain installed CHP units, the energy saved would be equivalent to the output of two nuclear power stations.

Svendsen had little idea he would become so sold on CHP when he explored the idea of installing a small unit called Totem, based on the engine of a Fiat 125, in his hotel.

At the time he was planning a 12-bedroom extension and the South West Electricity Board told him his existing power supply would have to be reinforced by putting in new power lines at a cost of around £5,000.

By coincidence, a salesman called at the hotel offering the Totem unit for about the same cost. But in addition to generating electricity, the water used for cooling the engine would heat the hotel swimming pool.

"I didn't know much about CHP at the time, but it struck me as a good idea," recalls Svendsen, who has now set up a company called CHP Installations to sell Totem and similar units ranging up to 15kW.

Svendsen replaced an old boiler with the Totem unit and got free electricity as a by-product. The Salston was the first hotel in Britain to install such a system, but 80 hotels throughout the country have since followed suit.

The White Hart Hotel at Exeter recently installed a 4kW unit supplied by Svendsen's firm. The unit, powered by a Ford six-cylinder car engine converted to run on gas, will provide the hotel with 4kW of electricity and 75 per cent of its hot water requirements and 75 per cent of its electrical power. In the event of a power cut, it will be able to provide most of the hotel with standby power, while others reach for their candles.

Although hospitals and industry have been rather slow to seize the advantages of the system, Svendsen expects the concept to gain momentum following the passing of an Act of Parliament in 1983 which encourages the private generation of electricity.

A major building company is showing interest in the possibility of using CHP units to



Niels Svendsen on the edge of his pool

power blocks of flats or housing schemes where the hot water and electricity is fed to each family from a central system.

When Svendsen decided to install Totem in the Salston, however, the idea was revolutionary and the electricity board did its utmost to discourage him. One of the advantages of CHP is that if the hotel does not use all the electricity generated, it can feed it back into the grid and the hotel's electricity meter runs backwards, reducing its electricity bill.

The electricity board was concerned this might threaten the safety of staff repairing power lines, but Svendsen's unit was specially designed to prevent this.

Svendsen's company carries out feasibility studies for any hotel, hospital or company interested in installing CHP to arrive at the savings that can be achieved in relation to the capital outlay.

He works with two associates, an energy consultant and an electrical engineer based in Exeter. An Anglo-American company called Boiler Ltd, based at Leatherhead, manufactures the larger CHP units and Svendsen acts as the company's agent in the South West.

His firm has so far supplied around 10 of the smaller units since it was set up just over a year ago, but the larger units which can cost between £15,000 and £250,000 to install, are taking longer to catch on. "The bigger the unit the more viable it is," insists Svendsen.

"But," he says, "nobody wants to be a guinea pig. We are not just selling a product; we are selling a new concept. The problem is engineers in this country are very slow to accept new ideas. In Denmark and West Germany the concept is already widely used."

Svendsen, who was born in Devon of Danish parents, is no novice when it comes to innovation. Shortly after leaving Exeter University he invented an electrical nappy dryer, which won a national Get Ahead award in 1980 and was televised by the BBC. The resulting publicity brought in floods of inquiries and Svendsen turned the idea into a substantial company that was eventually bought by Thorn.

He could have retired at 30 on the money he received from selling the company, but instead he invested his wealth and energy into turning the Salston into one of Devon's leading hotels. Now, however, he is consumed by the urge to become an entrepreneur once more.

Editor: Clive Woodcock

Leaving work early?

Rodney Crawshaw explores the positive aspects

FORUM

WITH the continuing reduction of staff in a large number of organisations, individual employees are increasingly concerned about their future. This is, of course, understandable but there may well be a positive aspect to the dilemma in which the person finds himself.

Staff with long service who have probably known only one employer since leaving school, may find that their full time education may never have considered alternative employment. Suddenly, in the later stage of life, individuals confronted with potential problems associated with early retirement are, at the same time, being offered an opportunity to take stock of their circumstances, to consider realistically what they would like to do for the remainder of their working lives. For example, how many people can truthfully say that they will be happy to continue in their present working environment for the next five, 10 or 15 years?

Clearly, not everyone is in a position to retire early voluntarily. Those who are fall broadly into three categories. Sufficient post-retirement income to ensure no financial need to work and enough outside interests to enjoy a leisurely retirement.

Sufficient income to ensure no financial need to work, but a desire to continue in occupation and to maintain regular contact with others.

An income which needs topping up and therefore necessitates some degree of salaried employment.

To determine who relates to which category, and thereby what realistic decisions can be made, a detailed and accurate assessment of the person's economic circumstances is essential. Obviously, a significant factor will be the pension options. A practical first step is to compare the current net income and work associ-

ated expenditure against the income potential and expenditure following retirement.

Typical factors for assessment are: income from occupational pension schemes, realistic investment income levels, unemployment benefit for 12 months, reduction in income tax, cessation of National Insurance contributions, cessation of occupational pension contributions, and cessation of home to work travel costs.

In addition, there are also domestic circumstances which require consideration. For example, if two cars have been standard family practice, would this requirement still apply? Furthermore, is the family house suited to the needs of the family as it now stands?

Domestic property is usually designed for a family of four or five people. As children leave home there is no longer the need for a house of the size and type previously required. By the purchase of a smaller, more appropriate property the excess capital gained from this transaction can be used to supplement investment income. At the same time the smaller property will normally require less expenditure, i.e. rates, heating, furnishing, maintenance, etc.

Following the detailed assessment of current and future circumstances the individual is able to identify his category and therefore his options.

Candidates in the first category require little or no comment. They can clearly retire early on both financial and social grounds.

Candidates in the second category satisfy the financial criteria but need a worthwhile occupation. Once those outstanding jobs around the house are done, will you want to stay at home? Will you want a reason for "getting up each morning," a way to make good use of your time and business experience? There are a large number of voluntary organisations and community projects which welcome assistance

from suitably qualified and experienced personnel. Such work can be personally satisfying, coupled with the knowledge that one is providing help and expertise to areas of great need.

People in the third category, requiring a top-up income, face the greatest dilemma. Opportunities are to be found in the growing number of small start-up and existing businesses requiring a range of management disciplines. Many cannot afford to employ full-time experts but may be able to pay for several hours a week, or days a month. This may satisfy the additional income requirements of the individual.

In time, and if the contribution has been successful, the semi-employed or volunteer may find he has carved a salaried niche for himself. Keeping active in the business world leads to other valuable contacts.

The Action Resource Centre's free advisory service and its contacts within the voluntary, community and small business sectors, are available to all potential early retirees. This service includes advice from accountants, pension fund officials, investment consultants, etc., and is provided free of charge.

Apart from the advantages to employees of receiving professional guidance, companies too may benefit. Where staff reductions are essential, any positive steps to encourage voluntary severance/early retirement — thereby reducing compulsory redundancy — can only have a good effect on employer/employee relations now and in the future.

A final point. By reducing the number of employees in the older age bracket, job opportunities are created for employing the young. This is indeed a worthwhile contribution to alleviating one of our severest social problems.

Director for expansion scheme

SIGNPOST

THE result of a research study on the Business Expansion Scheme by the Small Business Research Trust will be announced at a conference at the trust's London offices next Tuesday, at which the future programme of the organisation will be discussed.

The trust, an independently financed body, has kept a very low profile since it was launched in 1983 by the Trade and Industry Secretary, Norman Tebbit, but more active stages in its development will be announced next week.

A major element in that will be the announcement of the appointment of a director-general, a post for which there has been much competition among academic institutions. The trust will announce on Tuesday that the post is being taken by Professor John Stanworth, director of the small business unit at the Polytechnic of Central London.

Professor Stanworth is one of the most respected researchers in the small business field in the United Kingdom and is highly regarded as a research manager, a talent which will

be of particular benefit to an organisation like the Small Business Research Trust. He will have as his deputy Colin Gray.

AN association of innovation centre executives has been formed with Dr W. K. Donaldson of the Hull Innovation Centre as its secretary. The aim of the association is to combine the varied experience of members to give more effective support to realistic new product development by individual inventors, by entrepreneurs, and by very small firms.

John Shearn, the association's chairman, says that such people have great difficulty in obtaining funding from normal sources, including Government grants, simply because they are so small. "We believe that by coming together we can direct attention to the problem of obtaining proper resources for small developments and assist in working out ways of improving the situation."

The association feels that although low cost premises abound, accountancy-type advice is handed out widely and "classroom business courses" have themselves become a business, none of this helps some, for example, designing a new fuel

economy device. "The technology gap if properly filled becomes a growth point of manufacturing industry."

Further information can be obtained from Dr W. J. Donaldson, Hull Innovation Centre, Guildhall Road, Hull HU1 1JH, telephone 0482 226348.

A COURSE on investment, including investment in small firms, will be held again at Leicester University on July 7-10. Full details and an application form can be obtained from the Conference Manager, Investment Course, Conference Offices, Leicester University, Leicester LE1 7RH, or Mr B. Oldroyd, 93 Bury Old Road, Heywood, Lancashire OL10 3LJ.

AN exhibition on Resources for Enterprise will be held on May 17 in the London Borough of Tower Hamlets, with the aim of bringing existing and would-be businesses into contact with 25 exhibitors who can provide, often without charge, advice, expertise, or material support.

Further information can be obtained from Linda Spicer, of the Tower Hamlets Centre for Small Business, on (01) 481 0512.

WATFORD Enterprise Agency has completed a deal

that will create flexible, start-up business units for 50-60 enterprises in the area, without the use of local or central government funding.

An empty 28,000 square foot industrial complex in Watford is being converted to provide the units, which are created by simple partitioning to maintain flexibility. Watford Training Workshop will move to the site and maintenance of the property will be undertaken by their YTS trainees.

The cost of the complex is £200,000, with National Westminster Bank providing £500,000 against the security of the property and the Co-op Bank £100,000 against a guarantee, initially from CASE Communications.

THE THIRD IMAGE small business development programme will begin on May 18 with an intensive weekend business review, with the emphasis shifting to marketing the small business in June. The programme then continues in September.

Further information can be obtained from Andrew Ferguson, 19 Wyatt Road, London N5 2JU, telephone (01) 226 4605.

THE new chief of Lloyds Bank business advisory service is Raymond Gibney, who succeeds Colin Jones.

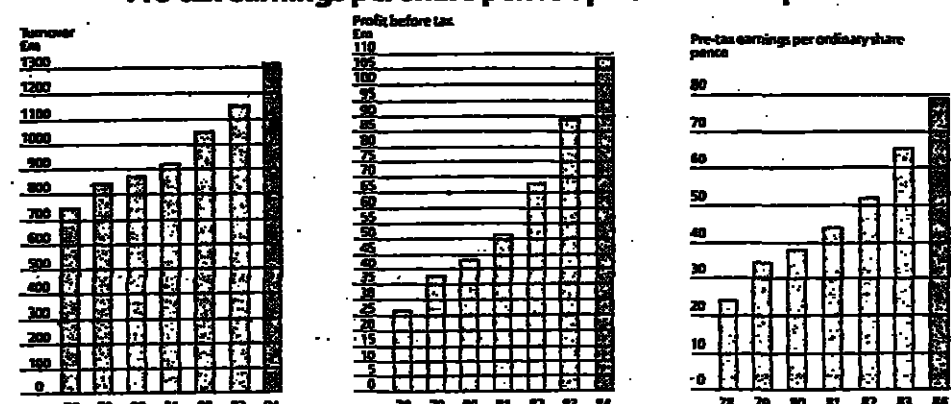
TARMAC PROFITS FROM STRENGTH AND GROWTH



The group's Chairman, Mr. Eric Pountney, says "I am particularly pleased to be able to report another record year's profits for the Tarmac group. It reflects tremendous credit on the divisional management and indeed, upon all employees of the group that profits have more than doubled in the last three years and quadrupled over the last six. While a significant part of this growth was associated with the heavy acquisition programme of our Quarry Products division, of equal significance has been the organic growth of other divisions, in particular, Housing and Construction."

Eric J. Pountney
Chairman

Pre-tax profit up by 22% to a record £109.6 million. Turnover up to £1.32 billion. Pre-tax earnings per share pence up 20% to 79.2 pence.



U.K. and International Construction, Quarrying, Road Surfacing, Building Products, House Building, Property Development, Industrial Activities, North Sea interests.

Tarmac Group

Jobs from thin air

RURAL employment issues receive scant attention by comparison with those of the inner cities. It is sometimes hard to believe that apparently prosperous counties like Wiltshire suffer at all. The truth, however, is that such places look wealthy because their beauty attracts the well-off. This influx of relatively privileged people is part of a large-scale revolution

in the rural population. Those who suffer in the process — often members of local families — are the people who need local work, in villages stripped of employment, and who are priced out of the housing market by the demand generated by newcomers.

Young country people cannot hang about to be counted in unemployment statistics. They have to leave, usually to add to the problems already existing in the towns. The villages also suffer from the idea that unemployment is only a problem if concentrated

in a limited geographical area.

"Jobs Where You Can Find Them" a tape produced by Trilith Video, looks at this situation and describes the efforts of a non-statutory body, the Community Council for Wiltshire, to improve the situation of employment projects of a less conventional kind. Quite literally created out of nothing by one part-time officer.

Local and national support for the original development of the Instant Muscle movement of young people's enterprises which now has groups

trading at a basic level in various parts of the country.

The whole experience is seen on the tape through the eyes of those most involved, reflecting the viewpoints of, for example, young people, redundant workers, industrialists, local government, volunteer helpers, local residents and the small team that now creates and runs these experiments.

Jobs Where You Can Find Them is available at £19.50 from Trilith Video, Corner Cottage, Brickyard Lane, Bourton Gillingham, Dorset.

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TRYING TO FIND A BUSINESS IDEA?

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David Lacey

Robson's plea for rest day

SOCCER

WHILE A goalless draw in Romania is never going to be the cue for a ticket-price welcome, the result achieved by England in Bucharest on Wednesday has gone a long way towards ensuring their participation in the big parade in Mexico next year.

Ron Greenwood's England team, of which the caucuses remains, edged their way to the World Cup finals in Spain in 1982 with nine points from eight matches. Bobby Robson's side have already taken seven from four, without conceding a goal.

After the game in Finland in just under three weeks' time England complete their qualifying programme with home matches against Romania, Turkey and Northern Ireland. Although the odds are less a question of if England will reach Mexico as when.

Football managers, like farmers, are seldom completely satisfied with life, and Robson is no exception. Lately in the early hours yesterday convinced that the heavy domestic programme, which is partly a legacy of winter postponements, had cost his team the chance of a sixth successive victory.

"If none of our players had played last Saturday we wouldn't have had a 20-minute period in the second half when we looked weary," he explained. "In fact, we might have gone on and won the match in the last 20 minutes instead of just hanging on."

"International football is three steps up the ladder from ordinary League football. Unless you are really fresh you'll struggle."

"Go and ask Trevor Steven what he thinks about international football compared to last Saturday. He'll tell you it's poles apart. It's more demanding, more physical and more pacy."

"Romania were together for 12 days before they met us - resting, talking, working and training. Keeping fresh and because everyone still wants to beat England. We didn't have any of that."

Robson revealed that Jack Dunnett, the Football League president, has been in the middle of getting some of last Saturday's matches postponed to give his squad a rest, but they had found that the

backlog of fixtures ruled this out. Nevertheless he still hopes to persuade the League to leave free the Saturday before Romania come to Wembley on September 11.

"If we don't qualify now somebody needs tanking," Robson said. "I would accept some of the blame but because of the system under which we play I would not accept all of the blame." It is hardly likely to come to that now.

Football politics aside, Wednesday's performance was highly satisfying and the television pundit who sat in a London studio 1600 miles away and wondered why England did not do more, attacking was giving merely the keynote view.

Shilton's excellent saves - "he made hard goalkeeping look easy," said Robson - and the sound defending of Butcher and the full-backs have rightly been praised. But Wright deserves a special mention because Romania represented his most searching test yet at international level.

The England manager was pleased with the 21-year-old England centre-back but with England's qualification. "He's learned a lot," said Robson. "He's learned that he's going to get bumped and bored, that it's not always about elegance and beautiful play."

"In the second half Coras pushed him over in the box and got in a header. Fortunately for us it went wide. Mark has got to expect this in international football. He's got to be as nasty as the man he's facing."

By that time England should be even closer to qualifying and critics will be wondering what sort of impact they will make on their return to Mexico in 1986.

Two things need to be remembered; England are swanning their way through one of the easier groups, and W. Germany's 5-1 victory in Prague on Tuesday has demoted everyone who

real World Cup quality is about.

Bromley issues TV deal deadline

THE FOOTBALL League have been given three weeks to accept a revised offer from BBC and ITV or face a television blackout next season. BBC and ITV yesterday proposed a new two-year package which would allow them to negotiate the price of each televised game separately with the Football League.

The fee, which would not be less than £50,000 per game, would depend on the interest generated by each individual fixture. The deal, which would give each TV company eight live and eight recorded matches per season, follows the rejection of a £19 million four-year package by the League in February.

The TV companies announced their terms yesterday afternoon after the League's seven-strong television negotiating committee had refused to meet them yesterday morning.

John Bromley, head of ITV Sport, said: "We decided to sit down and think out a new initiative. We have not had any contact since the Football League last rejected our offer in February, and we did not want them to miss the boat."

"But there is a deadline to their response. If we have not heard anything from them, or they have not come up with any new offers by the first week in June, then we cannot really do any business."

The 1986 World Cup and next season's European club matches will provide the television companies with some football to screen regardless of the League's reaction.

Football League secretary Graham Kelly said: "We have by no means shut the door on them. We have not done anything to antagonise them or anything discountenanced. The clubs want a TV contract if the terms are right."

Bromley added: "I think the League thought we were bluffing when they rejected our February deal, but we weren't then and we aren't now."

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Matthew Engel at Trent Bridge

Gooch is home and dry

CRICKET

Two of the four England selectors, A. C. Smith and Phil Sharpe, were at Trent Bridge yesterday, which had nothing to do with the fact that admission was free.

At Trent Bridge, they might have been reflecting on that aspect of Murphy's Law (May's Law) which holds that whenever selectors turn up at a county match, the players who do best will be foreign; the first two sessions were dominated by a remarkable century from Nottinghamshire's South African captain Clive Rice.

Then in the evening an Englishman struck back brilliantly for Essex, but even then only took Smith and Sharpe what

they must know already: Graham Gooch is a great cricketer. He scored a century off 94 balls in 105 minutes and finished the day on 128 not out after 141 minutes.

The season has started with a burst of quick centuries and this did not quite match Gooch's way to 66, while his team-mates departed through close-in catches and the efforts of Foster, who took five for 82.

Rice immediately changed his tactics. One had the impression that he did not have confidence in Gooch's ability to

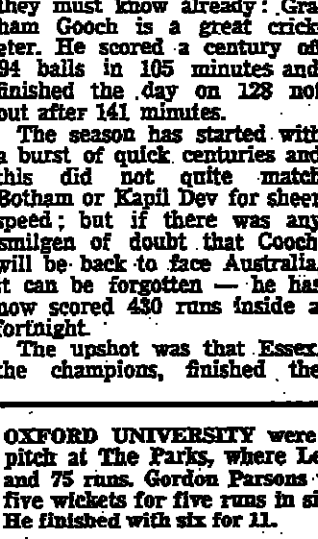
second day on 121 for three, 217 ahead of last year's run-out.

The bowlers had made the most of useful seam conditions by mid-afternoon. Nottinghamshire were 181 for nine, with Peter Such coming to the crease to join Rice, who had grazed his way to 66, while his team-mates departed through close-in catches and the efforts of Foster, who took five for 82.

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David Foot at Tatnott

Glamorgan douse Botham fireworks

Lan Botham feels whatever the journalistic deflections of an unfriendly winter, it is time he got back on to the sports pages. Even on a day when Somerset came perilously close to an innings defeat against a rejuvenated Glamorgan side, he did just that.

His century, to prop up a water-logged Somerset first innings, was too calculated to be preposterous. He was always in control, like an imperious general whose infantrymen are falling with self-inflicted wounds all around him.

The hundred took 81 minutes and 78 deliveries, two fewer than Kapil Dev on Saturday. So, under the new rules, Botham is perhaps heading for the Lawrence Trophy, just as Harold Gimblett was alongside the corrugated iron sheds at Frome 50 years ago to the month.

It was, quite apart from his disdain, the sheer strength that he marvelled at. He hammered two more of his eight stumps against Glamorgan's reinforced Edwardian woodwork and was beautifully caught by Derrick, a fierce low blow held at the second attempt near the boundary.

BACK IN THE SWING
Botham hits out

But it's wrong to talk only of Botham on a day when Glamorgan made Somerset follow on 150 behind. The deficit might have been greater if Botham had been held and Steele, three for six in just two overs at the end, had arguably appeared earlier.

Somerset's total of 237 was almost artificially boosted by Botham, who failed to score a hundred for his county at all last season. The bowling looked penetrative, even if the collective applause of the fielders after every delivery - reflecting the surge of optimism these days among those Welsh accents - was rather excessive.

Derrick took three wickets, as it reminded his team-mates that he really did open the bowling with Jeff Thompson during the winter in Australia. The well-built Thomas and Barwick took two each, and Botham, who had been at the crease since the start of the match, was the last to be dismissed.

This time Botham made an anti-climatic three. Barwick, Holmes and Steele again exposed the batting frailties for Glamorgan's lone offer until he played on at 81.

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Henry Blofeld at Canterbury hits first century

The pattern of the second day's play at Canterbury was remarkably similar to the first. After losing their first four wickets for 31, Surrey were reduced to 158 by Alastair Stewart, who is now manager of the county.

This was Stewart's first hundred in the County Championship and, easily, the highest score of his career. Lynch also made a century and the two put on a most attractive 262 in 197 minutes for the fifth wicket. Surrey reached 445 for eight, declared in reply to Kent's 356 and by the close Kent were 14 for two in their second innings still 86 behind.

Stewart, who is 22, is a fair-haired right-hander with a lovely natural flair for hitting. Although the pitch was slow and, with the exception of Dillie, the Kent attack was pretty ordinary, there was a class about the way Stewart made his runs, which suggests that he will be more than ready to follow. He shows a mild preference for the front foot and was always on the lookout for anything at all over square, and late and also looked with good control, once putting Dillie over the square leg boundary with a powerful short-armed blow.

Lynch, who is 26, is an enterprising batsman to watch, even if his career has never quite fulfilled a high promise. He also scored most of his runs hooking, cutting and driving, and after lunch took a cover drive which was a real test of his batting. He had a few years ago even on such a slow pitch.

Dillie bowled well especially at the start and finished with five for 97. He had Pookey the nightwatchman well caught at short leg. Butcher, who is 26, is the face of the bat and Jesty behind the wicket, hooking. Lynch was the next to go 56 overs later, bowled driving at Dillie and Stewart's auspicious innings ended when he cut Dillie to the keeper for 28 minutes and hitting three sixes and 24 fours.

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Wales switch date

The group seven World Cup qualifying match between Wales and Scotland has been put back from Tuesday, September 10 to the following night, with the venue still to be decided.

Wales wanted the switch partly because of television and also because it gives players more time to recover from Saturday knocks. The Scots agreed to the switch.

Mike England, the Welsh manager, and his players want to play at Wrexham, but the hard-up Welsh can make a financial killing by taking the tie to the National Stadium, the home of Welsh rugby. Another possibility is Ninian Park. "If we play at the National Stadium we will have to erect perimeter fencing, and the match would kick off at 5.30pm," said Alan Evans, the Welsh FA secretary.

Eoin Hand, the manager of

the Irish Republic, hopes to repair his damage during a 10-day build-up to their next World Cup qualifying match against Switzerland in Dublin on June 2. Morale in the Irish camp was at its lowest ebb for years after Wednesday night's goalless draw with Norway. Hand was ready to resign but his players persuaded him to reconsider. Yesterday in Group Six the Soviet Union beat the leaders Switzerland 4-0 in Moscow.

Secretary David Bowen, announced yesterday that Turkey had switched September's home fixture against Northern Ireland from the capital Ankara to the seaport of Limerick.

This unexpected departure from the agreed venue is possibly designed to unsettle the Irish. However Bowen welcomed the change. "I'm delighted it's a much more pleasant place," he said.

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SPORT IN BRIEF

SNOOKER: Goya International, whose range of men's tournaments is endorsed by Steve Davis, Terry Griffiths and Tony Meo, have committed £1 million in prize money over a three-year period for the first world ranking tournament of the 1985-86 season, writes Clive Everton. The Goya Matchroom International replaces the Jameson International because the Irish whiskey company is terminating its four year sponsorship of the event.

TABLE TENNIS: Carl Preen makes a rare junior level appearance to spearhead England's attack on seven titles at the Beneficial English junior open championships, at the Mount Batton Centre, Alexandria Park, Portsmouth, on May 11-12. Preen, aged 17, is in his final year as a junior.

RUGBY LEAGUE: Blackpool Borough have agreed terms with stand-off Tommy Frodsham who has scored eight tries in his last seven trial matches. Blackpool are signing him from Thatch Heath, the St Helens amateur club.

MOTOR RALLYING: The tour of Corsica, the fifth event in the World Championship, got off to a tragic start yesterday when leading Italian driver Attilio Bettega was killed as his Lancia 037 plunged into a ravine. The Lancia team withdrew the other car, driven by Finland's Markku Alen. The Italian car left the road at high speed and he was killed instantly. His co-driver, Maurizio Perissinotto, escaped with minor injuries.

BOXING: Pat Cowdell's European super featherweight defence against Jean Marc Renard of Belgium in Liege next Thursday, is off. The Belgian promoter is suggesting June 7 as a new date but that is likely to be disputed by Birmingham promoter, Dave Roden.

TENNIS: Kumiko Okamoto of Japan and Xinyi Li of China set up an oriental challenge for the Sutton leg of the LTA spring circuit when they reached the women's semi-finals yesterday. Miss Okamoto who won at Queens Club last week dismissed Britain's Kate Brasher 6-4, 6-1 while Miss Li outlasted Jo Louis of Devon 1-6, 6-4.

SQUASH: Jonathan Leslie, the former British Amateur Champion, has been involved in the disqualification of his club, Richmond, from the American Express National Challenge. The man who once spearheaded England's win in the World Amateur final over Pakistan, helped Richmond to a first-round win over Hampshire Fair Oak, but disqualification then took place because Leslie had not played in 50 per cent of Richmond's league matches.

David Davis reports from Milan

Torrance's record a timely reward

GOLF

It was, as they say so speciously in America, a round those time had come. Sam Torrance got it.

The Molinette course in Milan in a record 65, coming home in 30 to lead the Italian Open after the first day by two shots from the home professional, Massimo Mammelli, and Canadian Jerry Anderson.

There is, however, a fair old collection of talent around at the top. Jose Maria Canizares is on 68, as is Philip Parkin; the defending champion, Sandy Lyle, is three under par on 69, together with last week's winner, Manuel Piñero, and Ryder cup player Paul Way, while Severiano Ballesteros is among those on 70.

Torrance has been playing well for some weeks now, having concentrated his early season energies on preparing for his first US Masters last month. His scores in that event did not help, reflect the way he had played, but the bonus was that his confidence, a fragile thing for so long, got a big boost.

"Playing well in events like that," he says, "is a great thing to have. It makes you believe that you

are a good player, rather than merely thinking that you might be. I was due a good score, although today's was really rather a surprise."

Torrance, like everyone else, was suspicious of the greens. The course is only three years old and the putting surfaces are, as Nick Faldo remarked, "the fairways cut shorter."

Torrance solved the problem by never actually trying to hole a putt, being content to try and get it within a foot or so, a policy that brought him six birdies and an eagle.

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GOLF

It was, as they say so speciously in America, a round those time had come. Sam Torrance got it.

The Molinette course in Milan in a record 65, coming home in 30 to lead the Italian Open after the first day by two shots from the home professional, Massimo Mammelli, and Canadian Jerry Anderson.

There is, however, a fair old collection of talent around at the top. Jose Maria Canizares is on 68, as is Philip Parkin; the defending champion, Sandy Lyle, is three under par on 69, together with last week's winner, Manuel Piñero, and Ryder cup player Paul Way, while Severiano Ballesteros is among those on 70.

Torrance has been playing well for some weeks now, having concentrated his early season energies on preparing for his first US Masters last month. His scores in that event did not help, reflect the way he had played, but the bonus was that his confidence, a fragile thing for so long, got a big boost.

"Playing well in events like that," he says, "is a great thing to have. It makes you believe that you

are a good player, rather than merely thinking that you might be. I was due a good score, although today's was really rather a surprise."

Torrance, like everyone else, was suspicious of the greens. The course is only three years old and the putting surfaces are, as Nick Faldo remarked, "the fairways cut shorter."

Torrance solved the problem by never actually trying to hole a putt, being content to try and get it within a foot or so, a policy that brought him six birdies and an eagle.

David Davis reports from Milan

T

News: D
novelist
Bredon

10 48 More Wristling! Dan! Dancing.
 10 49 Lighthearted talk by David
 10 50 Moreau.
 10 51 News: International Assignment.
 10 52 Morning Story: Cousins by Julia
 10 53 Stoneham.
 10 54 Daily Service.
 10 55 News: Greene at 80. Interview
 10 56 with Graham Greene.
 10 57 Natural Selection: Guacharo —
 10 58 the bird of perpetual darkness.
 10 59 News: You and Yours.
 10 60 Instant Sunshine... Reasonably

1 Together Again, wit and music.
1 2 The World at One: News.
1 3 The Archers.
2 4 News; Woman's Hour from
Belfast. What do the Russians
make of the Irish conflict?
3 5 News; Micah Clarke by Sir
Arthur Conan Doyle.
Swashbuckling serial — last part
4 6 News; Going Places. Travel and
transport magazine.

5 0 "Jemima Gets Them Guessing"
 by Hilda Richards.
 6 0 PM. News magazine.
 6 30 Six O'Clock News.
 7 0 In Other Words . . . The Bodgers.
 Gags and sketches with a Scots
 flavour.
 7 0 News: The Archers.
 7 20 Pick of the Week with Ian
 Carmichael.
 8 20 Stop Press.

- with James Prior; Roy
- Hatterley, Terry Marsland,
- Oliver Walton.
- 34 Letter from America by Alistair
- Cooke.
- 35 Kaleidoscope: Arts magazine.
- 19 35 A Book at Bedtime: Voices in an
- Empty Room by Francis King (5)
- 10 36 The World Tonight.
- 11 • Today in Parliament
- 11 37 The Financial World Tonight.

the week's events.
12 @ News; weather; shipping.
VHF: 11 @-12 @ Schools. 1 55 pm
Listening Corner. 2 53 @ Schools. 11 @-
12 @ Study on 4. 12 30-1 10 am Schools
Night-time Broadcasting.

Wales (340m): 4 @ am Az Radio 2. 5 25
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Scotland (570m): 6 20 AS Radio 4 6 10
Farming News 6 30 Good Morning
Scotland 8 45 Jimmy Meek 11 3 Matur-
er's Gathering 12 0 News Travel Time

World Service

00r Hours, 7 30 Land of a Thousand
 Dances, 7 45 Merchant Navy Programme
 01r News, 8 15 Reflections, 8 15
 Shakespeare and Music, 8 30 A Word in
 Edgeways, 9 0 News, 9 3 British Press
 Review, 9 15 The Top of the Pops, 9 25
 02r News, 10 0 Look Ahead, 10 45
 The Form itself, 10 45 News, Kines of
 Swine, 10 15 Merchant Navy Programme
 03r News, 10 15 Business News, 10 30
 04r News, 10 15 -
 05r News, 11 25 A Letter from Northern
 Ireland, 12 0 Radio News reel, 12 15 pm
 06r News, 12 15 The Top of the Pops
 07r News, 1 0 News, 1 07 45 -
 08r News, 1 30 John Peel, 2 0 Outlook, 2 45

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^a $\chi^2 = 1.0$, $df = 1$, $p = .32$.
^b $\chi^2 = 1.0$, $df = 1$, $p = .32$.
^c $\chi^2 = 1.0$, $df = 1$, $p = .32$.

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Spanish fear Basque bombing campaign

From Jane Walker in Madrid and Paul Keel

THE SPANISH authorities fear that the Basque terrorist group, ETA, may have signalled the start of a bombing campaign along the Costa Blanca with two explosions on Wednesday night in Benidorm and near Valencia.

However, officials believe that the group is intent only on commercial damage and insist that British holiday makers should not be discouraged.

"It seems they are not to maim or kill, but merely to upset the tourist," said Mr Octavio Cabezas, the civil governor of Alicante yesterday.

This was the line being adopted by the Foreign Office in Britain yesterday which said it was not advising people not to go to Spain. A spokesman said that they had received some inquiries from tour operators and that they were keeping in touch with the Spanish authorities, though the British embassy in Madrid.

A spokesman for Thomson Holidays, Britain's largest tour company, said yesterday that it was taking advice from the Foreign Office.

The first bomb in Benidorm which exploded at 9.30 pm in the sand on the popular Levante Beach. At the time, the beach was deserted, although the nearby promenade was crowded.

The blast happened outside the four star 190 room Costablanca Hotel where a spokesman said yesterday: "There was a loud bang, but not even a window was broken."

The second bomb caused slight damage to an outside terrace bar of a five star hotel near Valencia shortly before midnight. The bar was closed and there were no injuries.

Police, who had already stepped up their patrols and searched hotels and public places. A telephone call yesterday warned of another bomb in the main bus station in Alicante, but nothing was found.

The tourist authorities are worried by the possibilities of cancellations. The 1985 season has already threatened to be one of the worst in Spain for many years, with bookings down by as much as 40 per cent.

Leader of Cabinet wets raises Macleod doctrine of one nation

Walker renews attack on PM's economic policy

By James Naughtie, Political Correspondent

The Cabinet's most unrepentant wet, Mr Peter Walker, last night questioned again the social values of Mrs Thatcher's Government and called for fundamental changes in its approach to the economy.

The energy secretary's attack was indirect, as usual, but he used the Iain Macleod lecture at the Cambridge Union to reassert his own view of traditional Toryism and to contrast it implicitly with the attitudes of many of his ministerial colleagues.

His assault on free market economics was, however, undisguised. He preferred Keynes to Friedman, he said, and said that though the market economy idolised people as consumers, people were more than just consumers.

The attack on unemployment could be pursued more vigorously, he indicated, and delivered a rebuke to colleagues who have talked of the main area of growth for new jobs as the service sector. Manufacturing still had a major part to play.

Mr Walker also picked up the theme of oil revenues, and said that if such an energy resource had been possessed by Japan and Germany or France, they would have exploited it on an international scale and would have brought vast benefits to their economies.

Nowhere in the speech was Mrs Thatcher mentioned by name, and it appeared that the energy secretary's evocation of the spirit of Mr Macleod was intended as a critical commentary on the government's present state.

He ended by recalling the words of Mr Macleod in facing a prediction, Tory conference in the spirit of Mr Macleod was intended as a critical commentary on the government's present state.

Peter Walker: quoted from Iain Macleod

The impact of his speech will be heightened by yesterday's record unemployment figures and the expected Tory losses in the shire county elections, and will be seen by backbenchers as a sign of the thrust of government policy as a signal that Mr Walker still intends to play the role of their defender in the Cabinet.

His method — a familiar one in the extraparlimentary speeches which he usually employs to raise his "one nation" banner — was to take quotations from Mr Macleod, the former chancellor, and use them to portray a traditional Toryism which had now gone.

"Tolerance and understanding for everyone," "compassion as well as competition," "humility as well as efficiency."

He quoted from Mr Macleod: "The Tory Party is and must always remain the natural spokesman for those who are underfunded."

Such a position, he made clear, could not be achieved without more successful commercial greatness, and he praised privatisation schemes and went on to argue for new international arrangements to control exchange rates and to tackle urgently the problem of third world debt.

They were proposals familiar to students of the recent speeches of Mr Edward Heath, and Mr Walker continued with another familiar claim of the wets — that a significant fall in unemployment could be achieved by government-led schemes — for example, in the renewal of decaying housing stock.

Nowhere in the speech was Mrs Thatcher mentioned by name, and it appeared that the energy secretary's evocation of the spirit of Mr Macleod was intended as a critical commentary on the government's present state.

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FIRST LADY FIRST: President Reagan and West German president Richard von Weizsäcker direct Mrs Nancy Reagan into position for photographs in Bonn.

Reagan wins French support for trade liberalisation moves

Continued from page one

men, their foreign and finance ministers, and hundreds of aides were shuttled around the city by limousine and helicopter. One official described it as an unprecedented show of security, following recent bombings and terrorist threats in European capitals.

Around 10,000 police were on highly visible duty, as were 3,900 journalists busily scurrying around government buildings and the baroque gathering places of the night.

Moored alongside the summit cantonment were five large Rhine pleasure boats for the duration of a record American contingent of reporters. For them and for their German hosts,

the summit itself is but a prelude to the main theme of President Reagan's week-end progress round Belsen concentration camp and the Bitburg cemetery, with its contingent of SS war graves.

State Department officials speak much of yesterday's fending off of unfriendly questions on the Bitburg visit, and on President Reagan's announcement of a total boycott on Nicaraguan trade.

Another of yesterday's themes which is expected to sound even more loudly when the summiters get down to serious business today, is the US Space Defence Initiative — the so-called star wars project.

Here again the French appear to be standing out of the pack, insisting that they do not intend to re-examine their own strategic policy.

The US Secretary of State, Mr Shultz, said after President Reagan's first round of bilateral talks: "It is clear that everyone supports the importance of doing this research work. Some want to participate in it, and others are studying it. Some probably won't take part. But as to the importance of the research itself, there is no doubt in anyone's mind."

He said that President Mitterrand shared the sense of importance, but there had been no indication so far that France was prepared to join in the research work.

On the economic front, a senior American official dismissed speculation that President Reagan was pressing for tax cuts as a form of old-fashioned stimulus to the sluggish economies.

Cubans leave Nicaragua as Contras regroup

Continued from page one

if they were ever asked to do so. At the end he shouted: "Long live the Nicaraguan revolution, free homeland or death."

The Nicaraguan Defence Minister, Mr Humberto Ortega, delivered a defiant speech at the parade — from which the public were excluded — reasserting that the Government would sever all military links with foreign countries within the context of a regional peace agreement.

"Reagan should understand that we have not repented one millimetre in our relations with Cuba... we will never say: 'Yes, Uncle Sam,'" he said.

There are believed to be another 700 Cuban military advisers in Nicaragua and as many as 6,000 more Cubans working in health, education, construction and other aid projects.

Reports that the Contras were moving back to the attack emerged yesterday from Honduras where rebel leaders said that some 5,000 to 6,000 guerrillas had moved out of their camps. It was claimed that the

insurgents had been able to buy new battlefield equipments with funds obtained from undisclosed sources several weeks before the congressional rejection of President Reagan's appeal for \$14 million to help.

US diplomats cautioned, however, that some of the guerrillas might have simply dispersed to other parts of the country, actually leaving Honduras. Observers were also attributing claims of a new offensive to attempts by the main rebel group, the Nicaraguan Democratic Force, to put the best face possible on the defeat in Congress.

The US Secretary of State, Mr Shultz, with Mr Reagan in Bonn

for the economic summit, indicated that the US would make at least tentative efforts to enlist the support of its allies for the boycott of Nicaragua.

"Sanctions are more effective the more countries participate in them, so we'd like to see broad participation," he said. Acknowledging the lack of enthusiasm in Germany for a general boycott, he added: "We're not conducting a major campaign to that effect."

The British and German governments have already quietly distanced themselves from the US action. One British official said the trade sanctions were entirely a matter for the Americans and Nicaraguans.

"Our impression is that we are not expected to take part. We have not come under any pressure from the Americans on this," he said.

A German spokesman said his government was told in advance of the boycott, which was announced here just after President Reagan arrived. He too said it was entirely a US affair, and that there would be no response in Bonn "until we know in detail why the Americans acted."

German officials, however, have left no doubt that the Government here strongly disapproves of trade sanctions in general.

Miles faces chess defeat

British grandmaster Tony Miles is in danger of a surprise elimination from the new world chess series after a poor start at the Carthage International in Tunisia. Miles drew his first three games then lost with the white pieces to Alonso Zapata, of Colombia.

Hospital to reopen

Mildmay Mission Hospital in Shoreditch, east London, is to reopen after its closure two years ago in health service economy cuts.

'Nationalisation' plan for business rates

Continued from page one

The odds now are that an attempt will be made by some senior ministers to bring together all the issues involved in Mr Fowler's welfare state review and Mr Jenkin's increasingly desperate attempt to meet his boss's pledges about rates.

Many ministers now complain that there is enormous overlap, not only in ideological terms, but also in financial terms, between the various studies being conducted in Whitehall. Yet there has been very little to indicate the impact of one on another.

Radio Arabia pirate fined

An Egyptian who set up Radio Arabia, a pirate radio station to serve London's Muslim community, was fined £300 with £75 costs, at Marylebone Court yesterday.

Driving ban for fire chief

Derbyshire's suspended fire chief, Mr Trevor Stevin, aged 43, was fined £180 and banned from driving for 14 months yesterday for driving with excess alcohol in his blood.

Go-ahead for BP's beauty spot oilfield

By Paul Brown

Plans to sink four test oil wells in an area of outstanding natural beauty in the middle of Poole harbour, Dorset, will go ahead despite opposition from conservation groups.

The drilling is part of BP's plans to increase production on its Wytch Farm oilfield from 4,000 to 40,000 barrels a day making it the largest on shore oil field in Europe. If the reserves live up to computer predictions, the company hopes to sink up to 30 oil wells on Furze, a rate of one an acre.

A number of conservation groups had written to Mr Patrick Jenkin, the Environment Secretary, asking him to intervene after Dorset County Council gave planning permission on April 13. Miss Nicola Frank from the Council for the Protection of Rural England, said the site was designated of outstanding natural beauty, was of special scientific interest and was part of the Dorset Heritage Coast.

On all those grounds it came within the department's new rules on "exceptional circumstances" where applications would be called in. The department had simply ignored its own guidelines.

Mr Charles Secrott of Friends of the Earth said: "The decision is obviously outrageous. For a site of national importance not to be called in makes a mockery of any concern the department claims, and their new guidelines."

"Patrick Jenkin has abdicated his responsibility as a Government minister. He should be balancing national priorities between conservation and exploitation of resources but quite simply he does not care."

He added: "If he does not interfere here, he is entitled to ask where will he intervene. Is anywhere safe?"

A department spokesman said that the country had considered the matter carefully. It was always open to people to make representations to Mr Jenkin but he did not intend to intervene at this stage. It would be considered again if planning permission was sought for new wells.

Garnett to be adopted by TGWU

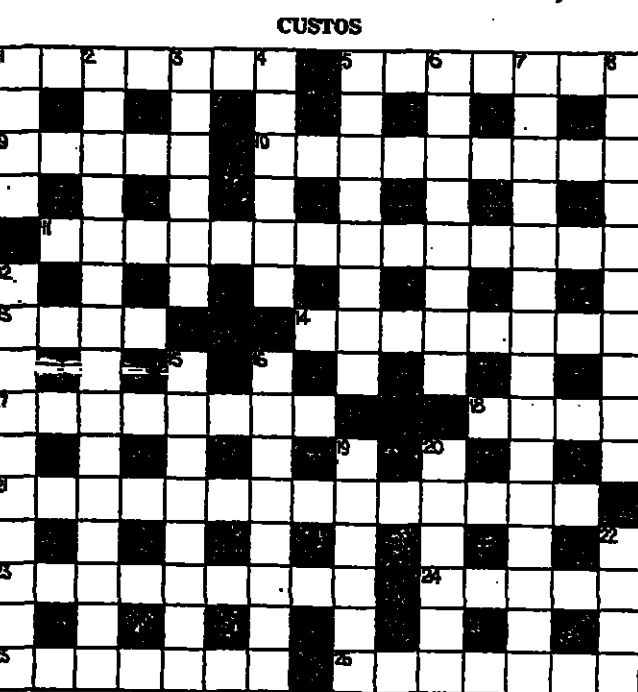
Leaders of the Transport and General Workers' Union are to adopt the main recommendations made by the Garnett inquiry into allegations of ballot rigging. Some have already been put into effect in the re-run ballot for a new general secretary.

Mr Moss Evans, the retiring general secretary, said last night: "Following publication of John Garnett's report, we have today confirmed to him that his recommendations are being adopted, as they in no way impinge on our rules which govern the union's electoral procedures. Indeed some had been put into operation for the repeat ballot in advance of his report."

"The union's objective will be to demonstrate clearly that the repeat ballot is widely publicised and conducted in a proper and fair manner which will place it beyond any criticism from whatever source."

More cards to play, page 4

GUARDIAN CROSSWORD 17,226



- ACROSS
- 1 Drink on excursion causes one to fall (5, 2).
 - 5 I've lost a member, a member with post place on golf-links (7).
 - 9 Quietly crave for the black stuff (5).
 - 10 Botanical tree-garden produced tamarind, initially, with wake-robin about (9).
 - 11 Individual drunkards on call, sort of (6-2-6).
 - 13 Enid, having lost weight, follows one with skill (4).
 - 14 Member of audience set out in a ship (8).
 - 17 Stories circulating about unanswerable questions (8).
 - 18 Trained lion to take part in plot (4).
 - 21 Having greater influence before mere English sailor (14).
- DOWN
- 23 Leading lady of the cinema? (9).
 - 24 Slick, like food generally? (5).
 - 25 Mocks backward children, going about free (7).
 - 26 Patient, in death, is covered (7).

CROSSWORD SOLUTION 17,225

ACROSS

- 1 DOWN
- 5 DOWN
- 9 DOWN
- 10 DOWN
- 11 DOWN
- 13 DOWN
- 14 DOWN
- 17 DOWN
- 18 DOWN
- 21 DOWN

DOWN

- 23 DOWN
- 24 DOWN
- 25 DOWN
- 26 DOWN

Sun and showers

A WEAK trough of low pressure will become slow moving over southern Britain with a northerly airflow persisting.

London, 5.50 am to 5.51 pm. Light rain, some sun, some showers. Wind S.W. to S. at 10 to 15 mph. Sea S.W. to S. at 10 to 15 mph. Visibility 10 to 15 miles. Temperature 12 to 14°C (54 to 57°F).

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AROUND THE WORLD

LUNCH-TIME REPORTS

London	12.5	10-15	10-15	1015
Edinburgh	10.0	10-15	10-15	1015
Birmingham	11.0	10-15	10-15	1015
Manchester	10.0	10-15	10-15	1015
Cardiff	10.0	10-15	10-15	1015
Belfast	10.0	10-15	10-15	1015
Stockholm	10.0	10-15	10-15	1015
Helsinki	10.0	10-15	10-15	1015
Tallinn	10.0	10-15	10-15	1015
Riga	10.0	10-15	10-15	1015
Vilnius	10.0	10-15	10-15	1015
Moscow	10.0	10-15	10-15	1015
Novosibirsk	10.0	10-15	10-15	1015
Yekaterinburg	10.0	10-15	10-15	1015
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Novokuznetsk	10.0	10-15	10-15	1015
Kemerovo	10.0	10-15	10-15	1015
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